Disciplinary and Other FINRA Actions

Firm Expelled, Individual Sanctioned

Take Charge Financial, Inc. dba Take Charge Financial (CRD #16724, Los Gatos, California) and Joan Anne Perry (CRD #502847, Registered Principal, San Jose, California) submitted an Offer of Settlement in which the firm was expelled from FINRA membership and Perry was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, the firm and Perry consented to the described sanctions and to the entry of findings that they transferred approximately $90,781.06 from customers' accounts to accounts they owned or controlled by electronically using the computer system of the firm's clearing firm and designating each transfer of funds as a type of fee or commission; at the time of each transfer, the firm and Perry had not obtained the relevant customer's authorization for the transaction. Among the types of "fees" claimed and taken by Perry and the firm was a portfolio analysis report fee. The findings stated that during FINRA's investigation of a customer complaint, FINRA obtained copies of signed Advisory Services Agreements (ASAs) pertaining to some customers' accounts. Although these included authorization for the firm to charge its standard investment advisory fee, none of the ASAs included an authorization for the firm to charge a fee in connection with portfolio analysis reports. Perry had informed FINRA that the reports were in the customer files, but FINRA staff did not find any such reports.

The findings also stated that the firm and Perry provided a new version of the firm's ASA (ASAv2) to their customers and requested that the customers sign it. The firm and Perry omitted and/or misrepresented material facts to customers in that these new versions contained added language ostensibly authorizing a year-end report fee not authorized in the original ASA; each of these customers was not actually aware of the provision when signing the ASAv2. The firm and Perry falsely claimed that they required a signature on the ASAv2 because the version of the ASA previously signed was missing although they still retained the earlier versions. Perry caused the falsification of the document by either altering the date(s) appearing by the customer signature line(s) or by requesting that the customer backdate the document. The firm and Perry provided falsified documents to FINRA in response to requests made for portfolio analysis reports. Perry provided false testimony to FINRA regarding report fees that she claimed her customers had agreed to be charged, when in fact they had not. The findings also included that Perry borrowed $300,000 from a customer under circumstances FINRA rules prohibited, and caused the loan amount to be wired out of the customer's account at the firm when the customer had not agreed to loan her that money.

Reported for October 2012

FINRA has taken disciplinary actions against the following firms and individuals for violations of FINRA rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).

FINRA found that the firm and Perry failed to report, or failed to timely report, various customer complaints to FINRA. FINRA also found that Perry was the sole person at the firm responsible for ensuring that its books and records were kept in accordance with all applicable rules and regulations, and the firm, acting through Perry, preserved communications pertaining to its business using electronic storage media other than optical disk technology. The firm and Perry did not notify FINRA of their intent to employ electronic storage media to preserve such communications until a later date, and never provided FINRA with a representation that their selected storage media meets the conditions set forth in Securities Exchange Act Rule 17a-4(f)(2). The electronic storage media did not preserve the communications exclusively in a non-rewritable, non-erasable format. In addition, FINRA determined that Perry was the only Financial and Operations Principal (FINOP) at the firm and was solely responsible for its compliance with Exchange Act Rule 15c3-1. The firm and Perry conducted securities business on multiple dates while failing to maintain minimum required net capital, and failed to timely file notice of the net capital deficiency, as required. Moreover, FINRA found that the firm and Perry failed to conduct record searches in response to requests for information from the Financial Crimes Enforcement Network (FinCEN), and then made material misrepresentations to FINRA in connection with their failure to conduct such searches. Furthermore, FINRA found that Perry willfully failed to timely update her Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose an unsatisfied civil judgment against her, and willfully filed a materially incomplete and misleading Form U4 amendment. The findings also stated that the firm and Perry failed to respond to FINRA requests for information and documents. (**FINRA Case #2011028950901**)

Firm Fined, Individuals Sanctioned

Sanders Morris Harris Inc. fka SMH Capital, Inc. (CRD #20580, Houston, Texas), Paul Charles Blackman (CRD #22655, Registered Principal, Gate Mills, Ohio) and Pak Cheung Fung (CRD #2579484, Registered Principal, Shaker Heights, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $150,000, $10,000 of which was joint and several with Blackman, $10,000 of which was joint and several with Fung, and $5,000 of which was joint and several with another principal. Blackman was also suspended from association with any FINRA member in any principal capacity for 30 business days and Fung was also censured. Without admitting or denying the findings, the firm, Blackman and Fung consented to the described sanctions and to the entry of findings that the firm, acting through Blackman and another principal, failed to reasonably supervise a registered representative. Blackman and the other principal failed to adequately implement the representative's heightened supervision plan, in that they failed to pre-approve low-priced equity transactions he executed, and failed to evidence they had contacted his customers on a quarterly basis as the heightened supervision plan required. The findings stated that the firm failed to establish and maintain a reasonable supervisory system to supervise the options trading effected by its registered representatives at a

branch office. The firm allowed its branch office, at which more than three registered representatives were located, to transact an options business while the principal supervisor was not qualified as either a registered options principal or a limited principal-general securities sales supervisor.

The findings also stated that the firm, acting through Fung, its anti-money laundering (AML) compliance officer (AMLCO), failed to establish and maintain an adequate AML compliance program (AMLCP) to detect and identify potential "red flags" for suspicious activity. The firm maintained clearing agreements with four clearing platforms, but failed to document any review of exception reports to detect and identify potential red flags for suspicious activity from three of the four clearing platforms. The findings also included that the firm's AMLCP reviews were focused on the activity conducted through only one clearing platform. Fung did not have access to the trading activity or exception reports to review for suspicious activity across three out of four trading platforms, and did not perform any manual review of activity occurring in these platforms, leaving approximately 40 percent of the firm's business that was not subject to review. Accordingly, the firm, acting through Fung, did not implement an adequate system to review for suspicious activity.

FINRA found that the firm, acting through Fung, failed to implement its policies and procedures regarding due diligence for correspondent accounts for foreign financial institutions. The firm's procedures provided that correspondent accounts for foreign financial institutions were to be forwarded to the AMLCO for review upon account opening. FINRA also found that the firm's written supervisory procedures (WSPs) stated that the AMLCO was responsible for identifying correspondent accounts for foreign financial institutions and conducting the required due diligence. The firm had failed to maintain adequate documentation evidencing the identification and performance of due diligence on its five correspondent accounts for foreign financial institutions. In addition, FINRA determined that the firm, acting through Fung, failed to conduct an adequate testing of its AMLCP. The testing failed to include reviews for customer identification program (CIP) compliance and failed to review the adequacy of its suspicious activity monitoring program; the test results did not even include a finding that the firm failed to monitor for suspicious activity or potential red flags of customer accounts held at three of its clearing platforms. Moreover, FINRA found that the firm failed to file a report of foreign bank and financial accounts for a calendar year, and filed its report for the following year after the deadline for its one foreign bank account. Furthermore, FINRA found that it conveyed to the firm that a proposed credit agreement between a bank and the firm's parent company pledged the assets of its subsidiaries, which caused a net capital charge to the firm; and it should have noted the entire amount borrowed as a liability for calculating its net capital requirement, so it did not accurately calculate and report its net capital requirement for more than 18 months. The parent company acted to alleviate the firm of the financial obligations and increase its net capital position to bring it out of net capital deficiency and bring it into compliance.

Blackman's suspension was in effect from August 20, 2012, through October 1, 2012. (**FINRA Case #2008015360002**)

Firms Fined

Allied Beacon Partners, Inc. aka Waterford Investor Services, Inc. (CRD #46227, Richmond, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $40,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that Waterford Investor Services acquired registered representatives, customer accounts and branch offices from two broker-dealers that had filed Uniform Requests for Broker-Dealer Withdrawal (Forms BDW). In both instances, the transfer of assets represented significantly more than 25 percent of the firm's earnings measured on a rolling 36-month basis. The firm failed to file required continuing membership applications (CMAs) requesting FINRA's approval of the asset transfers. On one occasion, the firm represented to FINRA that a CMA would be filed within 30 days, yet no CMA was ever filed. The findings stated that the firm failed to gather and maintain required documentation about variable annuity (VA) transactions and the customers. Transactions sampled were lacking certain customer information or documentation needed in order to make a reasonable suitability determination. A large portion of VA transactions sampled revealed the firm's failure to ensure that a designated principal adequately reviewed and approved the customer's application prior to its transmission to the issuing insurance company.

The findings also stated that the firm's WSPs for VA transactions were deficient. The WSPs identified one individual as having the responsibility to supervise variable transactions, but another individual not identified in the WSPs was actually the primary person responsible for supervising VA transactions. The findings also included that the WSPs did not address how the firm would monitor compliance with SEC Rule 15c2-8, which requires that a prospectus be delivered to customers. Of transactions FINRA staff sampled, the firm was unable to provide any documentation demonstrating that a prospectus was sent to any of the customers. FINRA found that the firm tested its supervisory control procedures and prepared the required annual reports to senior management for three years, but the testing and/or subsequent reports were inadequate, as they did not detail how the firm tested, sampled, corrected and evidenced the review of supervisory controls to ensure compliance with regulatory requirements; did not test the firm's VA business, which represented one of the largest revenue sources for the firm; and did not address the changes made to its supervisory systems after another entity acquired it. FINRA also found that the annual chief executive officer (CEO) certifications were executed prior to the preparation of the annual reports to senior management for two years. The findings also included that the firm failed to file with FINRA statistical and summary information relating to customer complaints, and failed to timely file with FINRA statistical and summary information relating to customer complaints the firm received that were required to be reported. Based on these allegations, the firm's overall supervisory system was not adequate given its business model and rapid acquisition of assets from other firms. (**FINRA Case #2010021107801**)

BGC Financial, L.P. (CRD #19801, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $100,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in Trade Reporting and Compliance Engine® (TRACE®)-eligible corporate and agency debt securities to TRACE within 15 minutes of the execution time and reported certain of these transactions to TRACE with an inaccurate trade execution time. The findings also included that the firm failed to transmit all of its reportable order events (ROEs) to the Order Audit Trail System (OATS™) over numerous business days under one particular market participant identifier (MPID) during a review period. FINRA found that the firm failed to enforce its WSPs related to OATS reporting by failing to identify preferred share transactions effected by the trading desk operating under a particular MPID as ROEs. (**FINRA Case #2010021645301**)

BNP Paribas Securities Corp. (CRD #15794, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $50,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that, on occasion, it incorrectly disclosed compensation terminology as commission charged for principal or riskless principal transactions. The findings stated that the firm failed to punctually report numerous transactions that are assessed a regulatory transaction fee under Section 3 of Schedule A to the FINRA BY-Laws; these transactions required a ".R" modifier. (**FINRA Case #2010021589201**)

Cantor Fitzgerald & Co. (CRD #134, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $150,000, required to revise its WSPs, and certify in writing to FINRA that it has adopted and implemented supervisory systems and written procedures reasonably designed to achieve compliance with current Regulation SHO requirements, and set forth the details of its implementation of the undertaking. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its equity trading and market-making manual, in effect did not contain any compliance or supervisory procedures regarding either Rule 204T or Rule 204 of Regulation SHO, and similarly, its compliance and supervisory manual did not contain any compliance or supervisory procedures for compliance with SEC Rule 204. The findings stated that although the firm's operations manual contained certain SEC Rule 204 procedures, it failed to set forth procedures to monitor fails to deliver in proprietary transactions, and the procedures did not provide guidance on action(s) to be taken to close out proprietary fails. The findings also stated that the operational procedures failed to identify the specific individual(s) responsible for identifying securities that needed to be closed out, and effecting the necessary close-outs and/or buy-ins. The findings also included that the firm failed to close out proprietary and market-making fail positions within the timeframes provided by Rule 204 of Regulation SHO. In addition, the firm executed additional proprietary short sales without performing a pre-borrow when a security was failing to deliver at the continuous net settlement system (CNS). FINRA found that while the firm maintained reports to track CNS fails, it failed to monitor these reports

in order to identify proprietary fails for close-outs, and failed to ensure that traders were instructed to close out their proprietary positions. As a result, the firm's proprietary fail positions routinely remained open past T+4 (and market making fails remained open past T+6), in violation of rule requirements. (**FINRA Case #2011026837401**)

Capital Path Securities, LLC (CRD #104363, Middle Island, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $15,000 and required to revise its WSPs regarding OATS reporting. FINRA imposed a lower fine after it considered, among other things, the firm's revenues and financial resources. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it improperly reported Execution or Combined Order/Execution Reports to OATS with a reporting exception code that was required to match to a related trade report in a FINRA transaction reporting system. The findings stated that the firm transmitted Execution or Combined Order/Execution Reports to OATS that contained inaccurate capacity codes, and some contained an incorrect account type code. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning OATS reporting. (**FINRA Case #2010025397501**)

Chapdelaine Tullett Prebon, LLC (CRD #7017, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct contra-party identifier in S1 transactions in TRACE-eligible agency debt securities, and failed to report the correct volume for an S1 transaction in a TRACE-eligible agency debt security. (**FINRA Case #2011029899601**)

Citigroup Global Markets Inc. (CRD #7059, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $900,000, and required to pay $32,355.82, plus interest, in restitution to customers. In determining the sanction, FINRA considered, among other things, the remedial efforts the firm had taken to enhance its supervisory procedures and systems. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct contra-party's identifier for transactions in TRACE-eligible securities to TRACE. The findings stated that the firm failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time, failed to report the correct trade execution time for transactions in TRACE-eligible securities to TRACE, failed to show the correct execution time on the memoranda of brokerage orders, and reported transactions in TRACE-eligible securities that it was not required to report. The findings also included that the firm failed to report block transactions in TRACE-eligible securities and several S1 block transactions in TRACE-eligible corporate debt securities to TRACE within 15 minutes of the execution time, failed to report the correct trade execution times for several block transaction in TRACE-eligible securities and TRACE-eligible corporate debt securities to TRACE, and failed to show the correct execution time on several brokerage order memoranda.

FINRA found that the firm failed to report the correct settlement date modifiers to TRACE for certain corporate fixed income securities and corporate debt transactions. The firm did not report certain transactions between the firm and an affiliate to TRACE. FINRA also found that the firm failed to report information regarding purchase and sale transactions effected in municipal securities between the firm and a contra-party broker-dealer to the Real-time Transaction Reporting System (RTRS), and the firm failed to report the correct MPID to the RTRS in municipal securities transaction reports. In addition, FINRA determined that in transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The firm purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any markdown or markup) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction, and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. Moreover, FINRA found that in some transactions, the firm sold (bought) corporate bonds to (from) customers and failed to sell (buy) such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. (**FINRA Case #2008014718501**)

Cobalt Capital, Inc. (CRD #136161, Winter Park, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to preserve all of its business-related electronic communications for approximately two years. The findings stated that the firm attempted to preserve such communications by printing them at month-end and maintaining hard copies of them. This process did not result in all of the firm's business-related emails being printed and properly preserved because the firm did not print emails in its "deleted" and "sent" boxes or folders, and did not print documents attached to emails. The firm's electronic communications preservation system was deficient because such communications could be deleted from storage prior to being printed at month-end. The findings also stated that after the firm printed its emails at month-end, the firm's chief compliance officer (CCO) reviewed the printed version of the emails and initialed them to evidence his review. Because the firm was not printing all of its emails, it was not adequately reviewing them. The findings also included that the firm's WSPs regarding the preservation and review of its business-related electronic communications were inconsistent with the methods it employed to preserve and review them. The WSPs were tailored to a firm that preserved and reviewed such communications in electronic format, which the firm did not do. (**FINRA Case #2011025675401**)

ConvergEx Execution Solutions LLC (CRD #35693, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $30,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to show all terms and conditions on brokerage order memoranda. (**FINRA Case #2009017656801**)

Credicorp Securities, Inc. (CRD #122199, Coral Gables, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions to TRACE and also reported the incorrect capacity in some of the transactions to TRACE. The findings stated that in 31 transactions, it failed to provide written notification to its customers regarding the correct capacity in which it had acted on the transactions. In some of the transactions, the firm erroneously represented that it had acted in an agency capacity when, in fact, it had acted in a principal capacity; and in other transactions, the firm erroneously represented that it had acted in an agency capacity for both parties to each transaction when, in fact, it had acted in a principal capacity for the contra-party. (**FINRA Case #2011025675601**)

Credit Agricole Securities (USA) Inc. (CRD #190, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $22,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report S1 transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time, failed to report the correct execution time for transactions in TRACE-eligible securities to TRACE, failed to show the correct execution time on the memoranda of brokerage orders, and failed to report to TRACE S1 transactions in TRACE-eligible securities that it was required to report. The findings stated that the firm failed to accurately report S1 transactions in TRACE-eligible securities to TRACE. The firm failed to report the correct contra-party identifier for transactions, the accurate volume for transactions, the accurate buy/sell direction for transactions, the accurate price for transactions, the accurate contra-party identifier and volume for transactions, the accurate date for a transaction and the accurate Committee on Uniform Securities Identification Procedures (CUSIP) for transactions. (**FINRA Case #2010024689701**)

Credit Agricole Cheuvreux North America, Inc. (CRD #8010, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted new order type reports to OATS that contained inaccurate member type code and routing firm MPID. (**FINRA Case #2010025307901**)

Dahlman Rose & Company, LLC (CRD #23510, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $14,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time. The findings stated that the firm failed to report the correct time of trade execution for transactions in TRACE-eligible securities to TRACE. The findings also stated that the firm failed to show the correct execution time on some brokerage order memoranda. (**FINRA Case #2010021976701**)

Deutsche Bank Securities Inc. (CRD #2525, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $100,000 and agreed to undertakings to revise the firm's lexicon-based search system for electronic message review to include search terms reasonably designed to detect its client advisors' communications concerning loans from customers, liens, personal bankruptcies, delinquent payments, bounced checks or other indications that a client advisor might be experiencing significant financial difficulties and/or violating applicable rules, laws and regulations relating to those difficulties. In addition, an officer of the firm will certify to FINRA in writing that the firm has added such terms to its lexicon-based search system, and reviewed its supervisory system and procedures with respect to its review of electronic correspondence and with respect to responding to red flags of potential misconduct by its client advisors relating to such personal financial difficulties. The firm will then use its revised lexicon-based search system to review all of the incoming and outgoing electronic correspondence of its client advisors since Jan. 1, 2012, and will report the results of that review, including a summary of any previously unreported required disclosure items or any other findings of violations of NASD or FINRA rules that become apparent as a result of that review, to FINRA.

Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish and maintain a supervisory system and to establish, maintain and enforce WSPs reasonably designed to supervise the client advisors' activities. The findings stated that the firm lacked an effective system for responding to certain red flags of client advisors' potential misconduct. As a result, although firm supervisors noted red flags of a specific client advisor's misconduct, which were communicated to other principals and discussed to a limited degree with the client advisor, the firm failed to detect his ongoing misconduct or provide for reasonable supervision of the client advisor. The findings also stated that the firm was aware of concerns about the client advisor's financial situation and his use of a corporate credit card for personal expenses, and that he had placed approximately $60,000 of personal expenses on his corporate credit card, including $30,000 worth of tickets to professional basketball games, failed to pay those charges, bounced personal checks to the credit card company, and had bounced a personal check he had written to another firm client advisor. The client advisor was also generating little revenue at the firm. The findings also included that the client advisor's direct supervisor had raised all of these issues to her management, as well as to individuals in the firm's branch supervisory office and Human Resources

Department. The firm took insufficient action regarding the client advisor's conduct with respect to bouncing checks, and as a result, his misconduct continued. In addition, the firm took insufficient supervisory steps to ensure that the client advisor was not violating other FINRA rules or harming firm customers. Virtually all of the client advisor's misconduct could have been revealed by a review of his firm emails or by obtaining and reviewing his checking account statements.

FINRA found that the firm failed to develop and enforce reasonably-designed written procedures for the review of electronic correspondence in the Private Client Services Division. The firm used a lexicon-based search system to flag electronic messages for supervisory review. This system was designed to capture emails related to certain topics, such as customer complaints or violations of gift and gratuity rules, but it failed to include any search terms to detect communications concerning loans, liens, personal bankruptcies, delinquent payments, bounced checks or other indications that a registered representative might be experiencing financial difficulties and/or violating certain applicable laws, regulations and rules. As a result of its failure to include such search terms in the lexicon, the firm did not review numerous client advisor emails that contained evidence of red flags regarding his misconduct. (**FINRA Case #2010023096302**)

EFG Capital International Corp. (CRD #40118, Miami, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $32,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct contra-party's identifier for transactions in TRACE-eligible securities to TRACE, and reported transactions in TRACE-eligible securities it was not required to report. The findings stated that the firm failed to report transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time. (**FINRA Case #2009017982801**)

Equity Station, Inc. (CRD #103620, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it conducted a securities business while failing to maintain its required minimum net capital. The findings stated that the firm booked transactions for which there was no economic substance or support, and improperly classified a $23,065 receivable for a finder's fee from an affiliate as an allowable asset. The findings also stated that in connection with the improper entries and classification, the firm failed to file the requisite notifications of its net capital deficiencies, failed to file early warning notifications, filed inaccurate monthly Financial and Operational Combined Uniform Single (FOCUS) Reports, and maintained inaccurate books and records. (**FINRA Case #2010021256001**)

Financial West Investment Group, Inc. dba Financial West Group (CRD #16668, Westlake Village, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $42,500 and ordered to pay $14,236.84, plus interest, in restitution

to customers. The firm has already paid $2,507.86 in restitution to one customer. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it purchased municipal securities for its own account from a customer at an aggregate price (including any markdown) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer, or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. The findings stated that in transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The findings also stated that the firm sold corporate bonds to customers and failed to sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. (**FINRA Case #2009018103701**)

First Clearing, LLC (CRD #17344, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $80,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that on numerous settlement dates, it submitted short interest position reports to FINRA that were incorrect and also failed to report short interest positions. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning short-interest reporting. (**FINRA Case #2008014698501**)

Fortune Financial Services, Inc. (CRD #42150, New Brighton, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $45,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it effected transactions involving Section 529 College Savings Plans, including transactions involving a direct purchase in a 529 Plan established by or for a firm customer, without being properly qualified with the Municipal Securities Rulemaking Board (MSRB) and without having a properly qualified municipal securities principal associated with it. The findings stated that the firm failed to establish and maintain a supervisory system and failed to adopt, maintain and enforce WSPs reasonably designed to supervise the municipal securities activities of each registered representative, registered principal and other persons associated with the firm. The findings also stated that the firm failed to retain or preserve all incoming and outgoing written correspondence relating to its business, and failed to conduct various inspections of branch offices and of non-branch locations that should have been conducted in accordance with NASD Rule 3010(c) and/or the inspection cycle set forth in the firm's WSPs. Two office inspections were performed by the designated supervisor in contravention of NASD Rule

3010(c)(3). The firm prepared inspection reports that failed to address certain required areas and activities, including supervising accounts serviced by a branch manager and validating changes in customer account information. The findings also included that the firm failed to reasonably discharge its obligation to review incoming and outgoing written correspondence. Among other things, the firm failed to ensure that all outgoing written correspondence was pre-approved in some manner, and failed to implement an effective process for a firm principal's timely review of all incoming written correspondence received by representatives at the various office locations where they conducted their securities business.

FINRA found that firm representatives participated in private securities transactions that the firm had approved. The firm failed, however, to establish a supervisory system and WSPs reasonably designed to supervise the representatives' participation in the transactions that they effected (or caused to be effected) in non-brokerage accounts held outside of the firm and to ensure compliance with the recordkeeping requirements pertaining to such transactions. FINRA also found that the firm failed to reasonably supervise the representatives' participation in the transactions, and failed to record those transactions in its books and records. The findings also included that the firm failed to establish, maintain and enforce an adequate system of supervisory control policies and procedures. Among other things, the firm's annual report did not detail the firm's system of supervisory controls, did not summarize the test results and any significant identified exceptions, and did not identify additional or amended supervisory procedures created in response to the test results (or indicate there were none). The firm also failed to determine if producing managers were subject to heightened supervision under the standards set forth in NASD Rule 3012.

In addition, FINRA determined that the firm prepared a non-compliant annual certification from its CEO (or equivalent officer) that it had in place processes to establish, maintain, review, test and modify written compliance policies and WSPs reasonably designed to achieve compliance with applicable FINRA rules and federal securities laws and regulations, and that the CEO had conducted one or more meetings with the firm's CCO in the preceding 12 months to discuss such processes. The firm's annual report referenced in the certification failed to document the member's processes for establishing, maintaining, reviewing, testing and modifying its compliance policies as required and the certification did not fully comply with the requirements of FINRA Rule 3130. The firm failed to approve, prior to use, websites representatives associated with the firm had established. Some sites had been in use for more than a year. (**FINRA Case #2011025604001**)

GA Financial, Inc. (CRD #42293, Columbus, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it acted as the broker on a public customer's behalf in a life settlement transaction involving the sale of a variable universal life (VUL) policy for which the customer

was the insured and was held in an insurance trust registered in a state. As part of the transaction, the firm entered into an agreement with a non-registered entity, which agreed to locate and identify potential purchasers for the VUL policy located in another state. The findings stated that in exchange for the non-registered entity acting as a finder in the life settlement transaction, the firm agreed to pay the entity a percentage of the commission the transaction generated. The findings also stated that in connection with the life settlement transaction, the firm paid transaction-based compensation in excess of $200,000 to the entity. The findings also included that the firm failed to provide the customer a written confirmation and a written notification disclosing the source and amount of compensation it received in connection with the life settlement transaction. (**FINRA Case #2009016003801**)

Guggenheim Securities, LLC (CRD #40638, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $30,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report S1 transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time, and failed to report the correct trade execution time for those transactions to TRACE. The findings stated that the firm failed to show the correct execution time on brokerage order memoranda. The firm failed to report the correct contra-party's identifier for S1 transactions in TRACE-eligible corporate debt securities to TRACE, and failed to report S1 transactions in TRACE-eligible securities that it was required to report to TRACE. The firm failed to report the correct contra-party's identifier for S1 transactions in TRACE-eligible agency debt securities to TRACE, and reported transactions in TRACE-eligible agency debt securities that it was not required to report to TRACE. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules, concerning TRACE reporting. (**FINRA Case #2011028403801**)

Janney Montgomery Scott LLC (CRD #463, Philadelphia, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $52,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that for some municipal securities offerings, it filed a Form G-32 with the MSRB containing an incorrect date. The findings stated that the firm failed to send the final settlement letters to the syndicate account members in a timely manner, thereby failing to timely accomplish a final settlement of the accounts for municipal securities offerings. The firm acted as the underwriter in some municipal securities offerings in which the official statement was amended, and sent the amended document to the MSRB one day late. The firm failed to submit an official statement to the Electronic Municipal Market Access (EMMA) system in a timely manner. The findings also stated that the firm executed retail Variable Rate Demand Obligation (VRDO) trades without updating its WSPs to address disclosure of material information to customers with such transactions. A branch office of the firm accepted from a customer for deposit a certificate for several

million shares of a security that traded on the Over-The-Counter Bulletin Board (OTCBB); the customer thereafter liquidated all of the shares. By accepted the shares for this deposit without obtaining an exception from the firm policy, the firm failed to enforce its written policies and procedures pertaining to deposits of low-priced OTCBB securities.

The findings also included that the firm failed to close out fails to deliver resulting from sale transactions in its proprietary accounts (short sales to be closed out by T+4 and long sales by T+6) on several occasions, thus failing to apply close-out requirements of SHO Rule 204 to fails to deliver resulting from sale transactions in its proprietary accounts. The firm also violated Reg SHO Rules 204(a) and 204(b) by failing to comply with the close-out requirements on at least nine occasions in its customer accounts. The firm failed to maintain and apply WSPs that addressed the requirements of SEC Rules 204(a) and Rule 204(b) with respect to fails resulting from sale transactions in its firm's proprietary accounts. The firm, in some instances, failed to comply with the close-out requirements of Rule 204(a) and the restriction requirements of Rule 204 (b). FINRA found that the firm used a Daily Fail Report to monitor for its fail-to-deliver positions. While this report reflected daily outstanding fail-to-deliver positions, the report failed to reflect the cumulative age of each fail. As a result, the firm was unable to systemically monitor the age of its fails to deliver at Depository Trust Company (DTC). (**FINRA Case #2011028261501**)

Merrill Lynch, Pierce, Fenner & Smith Incorporated (CRD #7691, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $37,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to enforce its written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in National Market System (NMS) stocks that do not fall within any applicable exception, and if relying on an exception, are reasonably designed to assure compliance with the terms of the exception. The findings stated that the firm incorrectly reported orders to the Automated Confirmation Transaction Service (ACT) as "trade-through exempt" when the trades did not qualify for an exemption from SEC Rule 611 of Regulation NMS. (**FINRA Case #2008012898601**)

Merrill Lynch, Pierce, Fenner & Smith Incorporated (CRD #7691, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $400,000, which includes the disgorgement of commissions received of $47,190.03, and required to pay $130,718, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that, through a registered representative, it recommended that customers engage in a pattern of unsuitable short-term closed-end fund (CEF) and unit investment trust (UIT) trading. The findings stated that most of the short-term transactions involved CEFs purchased at initial public offering, with the sales charges to the customer built into the offering price of the CEF. Even though CEFs and UITs generally were intended as longer-term investments, the registered representative recommended that some of these customers sell their entire positions as soon as two months after purchase. The findings

also stated that many of the short-term CEF transactions involved switching, whereby the representative generated funds to purchase a CEF or UIT by selling another CEF, with the customer gaining little or no economic benefit from the exchange. The firm, through the representative, made these recommendations to purchase and sell CEFs and UITs on a short-term basis without having reasonable grounds for believing the recommendations were suitable in view of the frequency and size of the transactions and each customer's investment objectives, financial situation and needs. As a result of these transactions, the customers incurred unnecessary sales charges and suffered losses of approximately $360,000, while the firm and the representative earned gross commissions of more than $47,000. The findings also included that the firm, through the representative, given the customers' investment objectives, made unsuitable recommendations to customers that they open margin accounts and use margin to buy and sell securities. These customers paid in aggregate over $70,000 in margin interest.

FINRA found that the firm failed to detect that the representative was engaging in a pattern of unsuitable short-term trading of CEFs and UITs and unsuitable transactions on margin. The firm approved each of the representative's short-term CEF and UIT transactions, failing to identify the transactions as unsuitable. In addition, the firm failed to respond adequately to exception reports and information suggesting that the representative was engaged in a pattern of unsuitable use of margin to trade securities, and did not speak with any of the customers about the short-term trading or margin activity until the customers began to complain. In some cases, the firm relied upon the broker's self-serving explanations for the transactions without conducting further investigation. FINRA also found that the firm lacked adequate supervisory systems and procedures to supervise UIT transactions, including systems and procedures to monitor short-term UIT transactions and switches. While the firm had a supervisory system for certain short-term CEF liquidations, it did not have a similar system for UIT redemptions. The firm's WSPs for UITs were also deficient since they failed to provide guidance to registered representatives or principals on suitability factors to consider in purchasing, selling and switching UITs. (**FINRA Case #2009018601702**)

Merrill Lynch, Pierce, Fenner & Smith Incorporated (CRD #7691, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $450,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its supervisory control system failed to include a policy or procedure requiring a review to detect or prevent multiple transmittals of funds from multiple customers going to the same third-party accounts. The findings stated that the firm's system failed to include exception reports that would have identified multiple customer wires going to the same third-party account. Consequently, the firm failed to detect that a registered representative had initiated fund transfers totaling approximately $887,931 out of customer accounts to bank accounts he apparently controlled. The registered representative has been barred from association with any FINRA member in any capacity and the firm has repaid each of the affected customers. (**FINRA Case #2010022652202**)

Morgan Keegan & Company, Inc. (CRD #4161, Memphis, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $42,500, and required to revise its WSPs regarding the accuracy and completeness of customer confirmations in municipal securities transactions. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report information regarding purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by MSRB Rule G-14 RTRS Procedures and the RTRS Users' Manual; the firm failed to report information about such transactions within 15 minutes of trade time to an RTRS Portal. The findings stated that the firm failed to report the correct trade time to the RTRS in municipal securities transaction reports, and the correct destination code to the RTRS in municipal securities transaction reports. The findings also stated that the firm failed to document the correct trade time on trade memorandum for municipal securities transactions. The findings also included that the firm failed to provide written notification disclosing to its customer the lowest effected yield-to-call and the accurate commission in municipal securities transactions.

FINRA found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations, and MSRB rules concerning the accuracy and completeness of customer confirmations in municipal securities transactions. FINRA also found that the firm failed to report the correct yield to the RTRS in municipal securities transaction reports. In addition, FINRA determined that the firm failed to report transactions in TRACE-eligible securities it was required to report to TRACE, and failed to report the correct contra-party's identifier for transactions in TRACE-eligible securities to TRACE. (**FINRA Case #2009017085301**)

National Bank of Canada Financial Inc. (CRD #22698, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $30,000 and required to revise its WSPs regarding OATS reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to transmit all of its Route Reports to OATS for one of its MPIDs that it was required to report on numerous business days. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning OATS reporting. (**FINRA Case #2009018947301**)

Natixis Securities Americas LLC fka Natixis Bleichroeder LLC (CRD #1101, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $300,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it had fail-to-deliver positions at a registered clearing agency in equity securities that resulted from short sales and long sales, and did not close the fail-to-deliver positions by purchasing securities of like kind and quantity within the time frame SEC rules prescribed. The findings stated that the firm had fail-to-deliver positions at a registered clearing agency in equity

securities that were attributable to market making activities, and did not close out the fail-to-deliver positions by purchasing securities of like kind and quantity within the time frame SEC rules prescribed. In instances involving equity securities, the firm accepted short sale orders from other persons, or effected short sales for its own accounts, without first borrowing the securities, or entering into a bona fide arrangement to borrow the securities, and it had fail-to-deliver positions at a registered clearing agency in such securities that had not been closed out in accordance with the provisions of SEC rules. In addition, FINRA found that the firm transmitted reports to OATS that contained erroneous execution capacities or failed to include supplemental routing information to correspond to a New Order Report submitted to OATS. Also, the firm made available a report on the covered orders in NMS securities that it received for execution from any person. The report included: (a) incorrect information as to the amount of market center executed shares and away executed shares for market orders, 5,000-9,999 shares in a security, and (b) incorrect information total covered orders, total canceled shares, away executed shares, shares executed from five to 30 minutes, and average realized spread for at-the-quote limit orders, 500 to 1,999 shares in another security. FINRA also found that the firm incorrectly reported the short-sale indicator for a long sale transaction to the Over-The-Counter (OTC) Reporting Facility, failed to execute orders fully and promptly, failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, and knew or had reasonable grounds to believe that the sale of an equity security was or would be effected pursuant to an order marked long, but failed to deliver the security on the date delivery was due. FINRA also found that the firm effected short sales in the publicly traded securities of financial firms that had been banned by SEC Emergency Order #34-58592. Finally, the findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations, and/or SEC and FINRA rules concerning long sales, the threshold close-out requirement, the close-out requirement, the pre-borrow requirement, disclosure of order execution information, trading halt activity and the Sub Penny Rule. The findings also included that the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its WSPs concerning disclosure of order execution information and trading halt activity. (**FINRA Case #2008016200601**)

OTA LLC (CRD #25816, Purchase, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $22,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. Reports failed to contain a limit order price, some failed to contain a limit order price and were routed to NASDAQ but entered a destination code/sent to MPID code used for New York Stock Exchange (NYSE)/Archipelago Exchange (ARCA) transactions, and others were routed to NASDAQ but entered a destination code/sent to MPID code used for NYSE/ARCA transactions. The findings stated that reports contained an incorrect special

handling code of "DIR" indicating orders were directed when the orders were immediate or cancel, some reports omitted the Not Held (NH) special handling code, one report contained an inaccurate buy/sell code, and one omitted the NH special handling code and contained an inaccurate account type code of "W" indicating the order was a wholesale order when the order was an employee order, and the firm failed to transmit one ROE to OATS. (**FINRA Case #2010021487501**)

PFS Investments, Inc. (CRD #10111, Duluth, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $100,000, required to correct deficiencies and submit written certification to FINRA that the deficiencies have been corrected. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it established procedures to comply with the SEC requirement to provide customers with a copy of their account record, or an alternate document with the information within 30 days of the opening of the account and at least every 36 months thereafter for those accounts requiring a suitability determination. The findings stated that prior to recommending any mutual fund purchases, firm registered representatives obtained customer background information and recorded it on an account application-client profile form. The firm implemented a new system to effect its procedures for compliance but due to programming, design and human errors, the system failed to detect that certain customers were not provided with a copy of their account record, or an alternate document, within 30 days of the account and at least every 36 months thereafter. The findings also stated that the impaired system was limited to use for only non-platform customers, including customers with 529 Plans, VAs and a subset of customers with mutual funds held at a non-affiliated transfer agent, which constituted approximately 10 percent of the firm's customers. The findings also included that because the firm was unable to determine which accounts did not receive the account information, it sent account records to all of the non-platform clients.

FINRA found that the firm's supervisory system and WSPs did not uncover the omission and therefore did not achieve compliance with securities laws and regulations, in that the supervisory system did not reveal that letters for non-platform transactions had not been sent as required. FINRA also found that in limited instances, customers indicated on their investment profile questionnaire that they had a short investment time horizon but nevertheless made a mutual fund investment. The firm's records omitted to further document the customers' rationale for investing in mutual funds so that the firm did not have a record of specific investment rationale for these instances. (**FINRA Case #2011025791201**)

Siebert, Brandford, Shank & Co., L.L.C. (CRD #42568, Oakland, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report information regarding

purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed by MSRB Rule G-14 RTRS Procedures and the RTRS Users' Manual; the firm failed to report information about such transactions within 15 minutes of trade time to an RTRS Portal, failed to report the correct trade time to the RTRS in some transaction reports and inaccurately reported the M020 special condition indicator to the RTRS in other reports. The findings stated that the firm failed to show the correct execution time on the memorandum of some municipal securities transactions. (**FINRA Case #2010022781201**)

Silicon Valley Securities, Inc. (CRD #23696, San Jose, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $5,000 and required to pay $12,722.63, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it utilized the clearing firm's automatic commission schedule, pursuant to which it charged commissions on certain purchases and sales of primarily low-priced securities that were not fair and reasonable, taking into consideration the factors set forth in Interpretative Material (IM)-2440-1(b); the firm charged $12,722.63 in excessive commissions. The findings stated that the firm's supervisory system was inadequate because in relying on the clearing firm's commission schedule and in setting commissions on transactions, the firm failed to consider, for each specific transaction, the factors delineated in Interpretative Material 2440-1(b). (**FINRA Case #2011028821301**)

Sterne, Agee & Leach, Inc. (CRD #791, Birmingham, Alabama) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $50,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it had fail-to-deliver positions at a registered clearing agency in threshold securities for 13 consecutive settlement days and failed to immediately thereafter close out the fail-to-deliver positions by purchasing securities of like kind and quantity. The findings stated that while the firm had fail-to-deliver positions at a registered clearing agency for 13 consecutive days in one of the threshold securities without closing out the fail-to-deliver position by purchasing securities of like kind and quantity, it failed to borrow the security or enter into a bona fide arrangement to borrow the security prior to executing some short sales in that threshold security. The findings also stated that while the firm had fail-to-deliver positions at a registered clearing agency for several consecutive settlement days without closing out the fail-to-deliver position by purchasing securities of like kind and quantity, it effected several short sales in the threshold securities and failed to borrow the securities or enter into bona fide arrangements to borrow the securities prior to executing its proprietary short sales. The findings also included that the firm failed to implement a reasonable supervisory system to achieve compliance with Rule 203(b) of Regulation SHO, and the firm failed to establish and maintain adequate procedures of supervision and control, including a separate system of follow-up and review, reasonably designed to show compliance with Regulation SHO. (**FINRA Case #2007011165301**)

Sterne, Agee & Leach, Inc. (CRD #791, Birmingham, Alabama) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $25,000 and ordered to pay a total of $1,333.72, plus interest, in restitution. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to execute orders fully and promptly. The findings stated that the firm, in transactions for or with a customer, failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions. The findings stated that the firm failed to contemporaneously or partially execute customer limit orders in OTC securities after it traded each subject security for its own market-making account at a price that would have satisfied each customer's limit order. (**FINRA Case #2009017669401**)

Tejas Securities Group, Inc. (CRD #36705, Austin, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $100,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it published several fixed income research reports on several different issuers that were distributed to institutional clients, and these reports all failed to include the analyst certifications required under SEC Regulation AC. The findings stated that each of the fixed income research reports at issue contained a misleading statement that the material and commentary contained in the report represented a sales perspective only and should not be construed as research. This statement was also repeated in the accompanying transmittal message. The findings also stated that the firm failed to establish, maintain and enforce adequate WSPs pertaining to its supervision of fixed income research report activity. Notably, there wasn't any reference to Regulation AC in regards to fixed income research reports within the firm's WSPs. (**FINRA Case #2011025622201**)

TD Securities (USA) LLC (CRD #18476, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report information regarding purchase and sale transactions effected in municipal securities to the RTRS in the manner prescribed in MSRB Rule G-14 RTRS Procedures and the RTRS User Manual. The findings stated that the firm failed to report information about such transactions within 15 minutes of trade time to an RTRS Portal, failed to report to RTRS the correct trade execution time for transactions in municipal securities transactions, failed to report the M020 special condition indicator code to RTRS for transactions in municipal securities transactions, and failed to show the correct execution time on the trade memorandum of transactions in municipal securities. (**FINRA Case #2010024957701**)

Tradelink Securities, LLC (CRD #131341, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted reports to OATS that contained inaccurate account type codes of "W" (indicating the firm received the order from a broker-dealer) and "R" (indicating the firm received an order for the account of an investor), when in fact the order originated from the firm's proprietary trading account. (**FINRA Case #2010022495801**)

Venecredit Securities Inc. (CRD #114419, Miami, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that for two years, most of its retail business was generated by foreign finders, all of whom were employees of a foreign broker-dealer that the firm and its wholly owned entity have officers and directors in common, and the foreign finders worked out of the offices of the foreign broker-dealer in a foreign country. The findings stated that the foreign finders were the primary contacts between the customers and the firm, and they had access to account information through the platform of the firm's clearing firm. The findings also stated that the firm did not adequately supervise the foreign finders, particularly their dealings with the customers. The firm also failed to create and implement an adequate system or procedures for customer complaints presented to the foreign broker-dealer employees to be conveyed to and reported by the firm. The findings also included that the firm failed to retain business-related electronic communications of the foreign finders affiliated with the firm, and failed to retain electronic communications for its registered representatives' personal email accounts, which were used for business purposes. (**FINRA Case #2011026668201**)

vFinance Investments, Inc (CRD #44962, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $22,500 and required to pay $7,738.92, plus interest, in restitution to customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it sold corporate bonds to customers and failed to sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. (**FINRA Case #2009018110601**)

vFinance Investments, Inc (CRD #44962, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it conducted a securities business while failing to maintain its required minimum net capital. The findings stated that the firm booked transactions for which there was no economic substance or support; double-counted certain commissions and profits and losses in proprietary trading accounts, resulting in overstatements of its income and net capital positions; and improperly treated certain contributions from

a related company as capital contributions. The findings also stated that in connection with the misclassifications and double-counting errors, the firm failed to file the requisite notifications of its net capital deficiencies, failed to file early warning notifications, filed inaccurate monthly FOCUS Reports and an inaccurate Annual Audit, and maintained inaccurate books and records. (**FINRA Case #2010021107701**)

Wells Fargo Securities, LLC (CRD #126292, Charlotte, North Carolina) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $19,500 and required to report transactions to TRACE that were not previously reported. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report S1 interdealer transactions in TRACE-eligible securities that it was required to report to TRACE. (**FINRA Case #2010024875301**)

Whitaker Securities LLC (CRD #121465, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $15,000 and required to revise its WSPs regarding OATS reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to transmit ROEs to OATS on numerous business days. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning OATS reporting. (**FINRA Case #2011027922701**)

Wilson-Davis & Co., Inc. (CRD #3777, Salt Lake City, Utah) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $22,000 and required to revise its WSPs with respect to order handling, short sales, books and records, use of multiple market participant identifiers and sub-penny price increments. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to submit proprietary orders in non-market making securities to OATS, failed to submit the correct account type code "E" to OATS, and failed to submit the correct order receipt time to OATS. The findings stated that the firm made available a report on the covered orders in NMS securities that it received for execution from any person which included incorrect information as to average realized and effective spreads and outside the quote average amount and time. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with certain applicable securities laws and regulations, and/or FINRA rules addressing order handling (disclosure of order routing information and order execution information) and short sales (prompt delivery of sale transactions by settlement date, reporting accurate short sale indicators, accepting short sale orders under SEC Rule 204T of Regulation SHO and naked short selling anti-fraud rule); and books and records, use of multiple market participant identifiers and sub-penny price increments.

FINRA found that the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its WSPs concerning short sales (order marking requirements, prompt delivery of sale transactions by settlement date, accepting short

sale orders under SEC Rule 204T of Regulation SHO and naked short selling anti-fraud rule), trading halts, OATS (accuracy and timeliness of OATS data, OATS information is consistent with information submitted to a trade reporting facility, rejected OATS data and routed order identification numbers are consistent with numbers from sending/receiving member) and order handling (disclosure of order routing information and order execution information). (**FINRA Case #2009017017101**)

Individuals Barred or Suspended

Rodolfo Alvarez (CRD #4375595, Registered Representative, Phoenix, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Alvarez consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests for information in connection with an investigation into allegations that he may have improperly borrowed and/or misused customer funds. The findings stated that Alvarez also failed to appear for a FINRA on-the-record interview. (**FINRA Case #2011026804401**)

Michael Emmanuel Beaton (CRD #5376905, Registered Representative, Brooklyn, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 30 days. In light of Beaton's financial status, no monetary sanctions were imposed. Without admitting or denying the findings, Beaton consented to the described sanction and to the entry of findings that he failed to timely disclose material facts on his Form U4.

The suspension was in effect from August 20, 2012, through September 18, 2012. (**FINRA Case #2011030055001**)

Eric James Bludau (CRD #4570957, Registered Representative, Halletsville, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for 30 days. The fine must be paid either immediately upon Bludau's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Bludau consented to the described sanctions and to the entry of findings that he entered into an agreement to sell life settlement policies and to receive compensation without providing notice to, or requesting permission from, his member firm. The findings stated that Bludau did not sell the products or distribute literature to his clients, but he did refer one client to another agent. In exchange for any referrals and based upon a standing agreement he had in place with other agents, Bludau expected to receive compensation in the form of referral fees. Bludau received a total of $5,537 in referral fees from the sale of at least $226,279 in life settlement products. The findings also stated that a state filed suit against the company selling the life settlement products charging that the note

agreements were fraudulent securities distributed through false and misleading sale practices. The state received an immediate injunction and placed all remaining company assets into receivership.

The suspension was in effect from September 4, 2012, through October 3, 2012. (**FINRA Case #2010023612308**)

Keith Leon Bobo Jr. (CRD #1520952, Registered Supervisor, Arp, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any principal or supervisory capacity for 30 business days. Without admitting or denying the findings, Bobo consented to the described sanctions and to the entry of findings that he failed to adequately supervise a registered representative to detect and prevent him from exercising improper discretion, recommending unsuitable transactions, mismarking order tickets and potentially trading ahead of, or against, customer orders. The findings stated that the customers had relatively conservative investment objectives and risk profiles, and limited annual income. Bobo knew, or should have known, this information, since the firm's electronic daily trade blotter disclosed the customers' investment objectives and risk tolerance levels, and Bobo reviewed the trade blotter daily to monitor all trades executed in the branch office. The frequency, volume of trading and nature of the exchange-traded funds (ETFs) that were traded in the customers' accounts, coupled with the risk profiles of each customer, were red flags that Bobo failed to detect. Bobo did not take adequate steps to determine whether the ETF transactions were suitable for the customers' accounts or that the customers were aware of the risks in trading. The findings also stated that the registered representative exercised discretion in a significant number of trades in customers' accounts without their written authorization to effect the trades, and the firm had not approved his use of discretion. Bobo questioned the broker regarding certain transactions he effected but failed to conduct a sufficient inquiry regarding the use of discretion and, therefore, failed to adequately supervise the registered representative. The findings also included that the firm's trade blotter flagged the registered representative's personal account numerous times for trading ahead or against his customers. Bobo questioned the registered representative about these trades, and for most of them, the registered representative advised Bobo that he erroneously marked the order solicited, however the order ticket should have been marked unsolicited because the customer suggested the transaction.

FINRA found that Bobo accepted the registered representative's assertions that the customers initiated discussions regarding the trades because they had previously traded ETFs, had called the registered representative to effect the trades and were familiar with the product. Bobo accepted the registered representative's explanations and did not contact any of the customers. As a result, Bobo failed to exercise reasonable supervision of the registered representative to determine whether he was trading ahead of or against the customers' orders. FINRA also found that based on the customers' previous investment experience as well as frequency and volume of trading in their respective accounts, Bobo

failed to conduct a sufficient inquiry to determine whether several hundred unsolicited trades in the accounts were reasonable or that the registered representative was speaking to each customer to obtain appropriate trade instructions prior to effecting each trade.

The suspension is in effect from October 1, 2012, through November 9, 2012. (**FINRA Case #2010021688102**)

Lisa Rogers Boone (CRD #3114195, Registered Representative, Atlanta, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $10,000 and suspended from association with any FINRA member in any capacity for 20 business days. Without admitting or denying the findings, Boone consented to the described sanctions and to the entry of findings that she participated in telephone conference calls with a customer and customer service representatives of an insurance company, and engaged in an impersonation scheme while on the conference calls. The findings stated that the purpose of the calls was for the customer to gather information from the insurance company regarding a life insurance policy she had purchased from it. The customer, however, was not the owner of the policy. The policy was held in an irrevocable life insurance trust, through which the customer's relative was the beneficiary and one of two trustees. The customer was not the other trustee. Accordingly, the insurance company representatives were not authorized to release any information regarding this policy to third parties, such as the customer and Boone, without the relative's consent. The findings also stated that during each of the calls, Boone represented to an insurance company representative that the relative was on the line when she was not. Instead, the customer impersonated her relative to obtain policy information. The customer, with her relative's approval, subsequently surrendered the life insurance policy and purchased another policy through Boone.

The suspension was in effect from September 17, 2012, through October 12, 2012. (**FINRA Case #2011026267201**)

Timothy Sean Brooks (CRD #1551320, Registered Representative, Severna Park, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for five months. The fine must be paid either immediately upon Brooks' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Brooks consented to the described sanctions and to the entry of findings that he agreed to reimburse a customer for the losses sustained in the customer's account after the customer had complained to him, but did not inform his member firm about the customer's complaint or the settlement agreement. The findings stated that thereafter, Brooks made payments to the customer totaling $315,000. The findings also stated that Brooks placed discretionary transactions in the fee-based securities accounts of some customers without written authorization from his customers to place discretionary trades, and his firm had not

approved his use of discretion in his customers' accounts. The findings also included that Brooks falsely represented on annual compliance certification questionnaires for his firm at the time that he had not exercised discretion in any customer's account.

The suspension is in effect from August 20, 2012, through January 19, 2013. (**FINRA Case #2011027683901**)

Vincent Michael Bruno (CRD# 1845833, Registered Principal, Middletown, New Jersey) submitted an Offer of Settlement in which he was fined $50,000, suspended from association with any FINRA member in any capacity for three months, ordered to requalify by examination as a general securities principal prior to association with any member firm in that capacity, and required to complete 16 hours of AML training within three months after reassociation with a member firm. Without admitting or denying the allegations, Bruno consented to the described sanctions and to the entry of findings that a firm, acting through Bruno, the firm's CCO and AMLCO, failed to develop and implement a written AML program reasonably designed to ensure the firm's compliance with the Bank Secrecy Act (31 U.S.C 5311, et. seq.). The findings stated that the firm and Bruno failed to monitor, detect and investigate suspicious transactions, and determine whether to file a suspicious activity report (SAR) in the face of multiple red flags involving customers and numerous accounts, which included the questionable backgrounds of the customers, suspicious circumstances under which the accounts were opened and the account activity itself, including a pattern of selling millions of shares of volatile, low-priced securities, and wiring more than $3.7 million of proceeds to banks out of the country. The findings also stated that the firm, acting through Bruno, failed to implement its CIP and, in multiple instances, opened new accounts for individuals and entities such as partnerships but failed to obtain the necessary documentation establishing the customer's identity or status as a legal entity. The firm, acting through Bruno, failed to verify the identity of certain customers by using required documentation, and failed to establish and implement risk-based procedures for foreign correspondent accounts and to perform enhanced due diligence of those accounts. The firm, acting through Bruno, failed to conduct an adequate annual independent test of its AML program one year, and completely failed to conduct a test the following year. The findings also included that as the firm's CCO, Bruno failed in his responsibilities to establish, maintain and enforce a system of supervisory control policies and procedures that designated the supervisors for producing managers, reviewing and monitoring the transmittal of funds, and identifying and providing heightened supervision over qualifying producing managers for the firm. The firm, acting through Bruno, failed to complete an accurate annual certification of its compliance and supervisory processes for a year, and failed to complete an accurate certification the following year.

FINRA found that the firm, acting through Bruno, failed to establish and maintain a supervisory system, and establish, maintain and enforce WSPs reasonably designed to achieve compliance with the requirements of FINRA rules and the federal securities laws regarding customer complaint reporting, supervision of private securities transactions

and other areas. FINRA also found that the firm, acting through Bruno, failed to make reasonable efforts to obtain information necessary to make a suitability determination and develop training policies or programs for firm personnel regarding transactions involving deferred VAs. In addition, FINRA determined that the firm, acting through Bruno, failed to make and keep current order memoranda for securities transactions effected through a clearing firm that contained required information.

The suspension is in effect from September 17, 2012, through December 16, 2012. (**FINRA Case #2009016230601**)

Thomas Philip Casper (CRD #2074247, Registered Representative, Nashotah, Wisconsin) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Casper consented to the described sanction and to the entry of findings that he borrowed a total of $50,600 from customers, including family members, but received his member firm's pre-approval for only one of the loans. The loans that were not from family members were from elderly, widowed customers for which he paid no interest, put up no collateral and did not provide a definite date for repayment. Casper supplied an IOU for only one of the loans. The findings stated that Casper provided false information to his firm relating to the loans. Casper disclosed a proposed loan from a relative but did not disclose the actual reason for the loan and falsely answered "no" on a branch audit questionnaire regarding loans while loans from other individuals were outstanding. The findings also stated that Casper's firm conducted a review of his brokerage account statements, which revealed deposits of cashier's checks and money orders, and more than $30,000 in cash withdrawals from ATMs located in and near a local casino. The firm's in-house counsel and Casper's branch manager asked Casper about certain transactions in his brokerage account statements and requested copies of his bank statements. Casper denied receiving loans from customers and also refused to provide copies of bank account statements. FINRA found that Casper's firm learned he had borrowed money from an elderly customer, but he falsely told his former branch manager that she had been confused about the loan and had made a loan to a different broker, not him. FINRA also found that Casper provided false and misleading information to FINRA regarding his loans from customers. (**FINRA Case #2010025125101**)

Christina Marie Curley (CRD #5494245, Registered Representative, Hampton, New Hampshire) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Curley failed to respond to FINRA requests for information and documents, and failed to appear and testify at an on-the-record interview. The findings stated that among the matters were allegations that Curley presented checks drawn on closed accounts and that she manipulated her compensation by submitting pre-paid variable life insurance applications for customers who had not prepaid the policies. (**FINRA Case #2010022547501**)

Adam Spencer Deane (CRD #2991971, Registered Representative, Naples, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $25,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Deane's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Deane consented to the described sanctions and to the entry of findings that he recommended and executed a VA replacement contract for a member firm customer in a state in which Deane was not licensed to sell insurance products and included false information in the firm's electronic books and records. The findings stated that Deane logged into his member firm's Web-based system utilized by firm sales staff to complete transaction paperwork for annuity contract purchases reporting that the customer was a New York state resident. When the system rejected the replacement transaction because the deferred VA product was not offered to New York residents and because Deane did not hold the requisite state insurance license, Deane improperly input the customer's state of residence as Florida. The findings also stated that Deane used the system to falsely indicate in the deferred VA application that the customer signed the annuity contract in Florida. Deane prepared the VA application in Florida, sent it to the customer at her residence in New York for her signature, and the customer signed the annuity application in New York and returned it to Deane. The firm determined that it could not honor the customer's annuity contract because the VA was not available to New York residents.

The suspension is in effect from September 4, 2012, through December 3, 2012. (**FINRA Case #2010025708601**)

Teresa Jo Dorenkamp (CRD #4822410, Registered Representative, Mason City, Iowa) submitted an Offer of Settlement in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Dorenkamp consented to the described sanction and to the entry of findings that she converted approximately $116,696.50 by forging customer signatures on wire transfer authorization letters directing her member firm's clearing agent to wire transfer funds from customers' accounts into her and her relative's bank accounts. The findings stated that Dorenkamp took customer checks totaling approximately $8,048.80 written to her firm's clearing agent that were intended to be deposited into the customer's accounts and instead deposited the checks into her or her relative's accounts. The findings also stated that Dorenkamp forged a customer's signature and her supervisor's signature, and used a signature guarantee medallion stamp without authorization to complete a fraudulent authorization form sent to a family of funds that was an investment option for firm customers (the "Fund"). This allowed her to link her bank account to the customer's Fund account and transferred a total of approximately $176,731.52 out of the customer's Fund account directly into her personal bank account. The findings also included that Dorenkamp sent fraudulent authorization letters to the Fund purportedly from her relative or supervisor directing that enclosed customer checks, written to the Fund with the intent to be deposited into

customer accounts, instead be deposited into her relative's Fund accounts. The funds from the corporate customer's checks were to be disbursed as employer and employee contributions to individual retirement accounts (IRAs) of employees of the corporate customer, who were themselves also customers of Dorenkamp's firm. Dorenkamp also converted funds from one check from the corporate customer that were not intended to be disbursed to employee IRAs. FINRA found that these funds were transferred or deposited into Dorenkamp's relative's bank account or Fund accounts and were eventually transferred into Dorenkamp's bank account, thereby using customer funds for a purpose other than as directed by the customer and intended to permanently deprive customers of the use of their funds. Of the total amount, $293,428.02 was converted from customers over the age of 65. FINRA also found that Dorenkamp failed to respond to FINRA requests to appear for on-the-record testimony. (**FINRA Case #2011029002401**)

Titus Ogbonna Ekeoma (CRD #2493392, Associated Person, Marlton, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon Ekeoma's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Ekeoma consented to the described sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose material information.

The suspension is in effect from September 17, 2012, through September 16, 2013. (**FINRA Case #2011027745501**)

Eric N. Emslie (CRD #4032343, Registered Representative, Baldwin, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Emslie's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Emslie consented to the described sanctions and to the entry of findings that he willfully failed to disclose material information on his Forms U4.

The suspension is in effect from August 20, 2012, through November 19, 2012. (**FINRA Case #2011030268601**)

Alice Hale Everett (CRD #1867376, Registered Representative, Hialeah, Florida) submitted an Offer of Settlement in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Everett consented to the described sanction and to the entry of findings that she failed to respond to FINRA requests for information regarding a possible private securities transaction and an unsuitable investment recommendation. (**FINRA Case #2011026353801**)

Doran Lynn Follis (CRD #1682642, Registered Representative, Huntington Beach, California) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for six months. In light of Follis' financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Follis consented to the described sanction and to the entry of findings that he failed to conduct adequate due diligence on a private placement offered by an entity, and did not have any reasonable basis for believing that his recommendation of the offering to his customers was suitable in light of the fact that he was aware of the delinquencies and defaults of an earlier affiliated offering of the entity. The findings stated that Follis recommended and sold the private placement offering to several customers who invested a total of $457,000 without disclosing the material information of an earlier offering of the entity.

The suspension is in effect from September 4, 2012, through March 3, 2013. (**FINRA Case #2010022297501**)

Mark Brian Fricks (CRD #1645509, Registered Representative, Powder Springs, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for four months. The fine must be paid either immediately upon Fricks' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Fricks consented to the described sanctions and to the entry of findings that he sold equity indexed annuities (EIAs) valued at approximately $1,216,160 to investors, including his customers at his firm and he received approximately $62,581 in commissions from the sales. The findings stated that the firm's policies and procedures required its registered representatives to provide prompt written notice disclosing all outside business activities, including the sales of EIAs. Although Fricks was permitted to sell fixed annuities through his approved outside business, he was prohibited from selling EIAs his firm had not approved. The findings also stated that the firm reminded Fricks through annual compliance questionnaires of these policies. Fricks failed to disclose his sales of EIAs and his receipts of commissions for these sales to his firm. The firm did not approve Fricks' sales of any of these EIAs.

The suspension is in effect from August 20, 2012, through December 19, 2012. (**FINRA Case #2010024034701**)

Jennifer Fry (CRD #5886977, Associated Person, Kimberton, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Fry consented to the described sanction and to the entry of findings that she refused to appear for a FINRA on-the-record interview, which was requested as part of an investigation into allegations that she had altered certain member firm documents. (**FINRA Case #2011030008801**)

Steven Paul Grager (CRD #1636107, Registered Principal, Alameda, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 18 months. Without admitting or denying the findings, Grager consented to the described sanctions and to the entry of findings that his member firm was the dealer of record for several mutual fund accounts held by his customers in their own names directly with the mutual fund companies (directly held accounts). The findings stated that Grager contacted one of the mutual fund companies to learn what was required to change the dealer of record for directly held accounts from his member firm to another member firm. Grager was advised to prepare a letter instructing the mutual fund company to make the change, to be signed by an authorized person of each firm. Grager prepared letters as directed by the mutual fund company representative to whom he spoke, and sent the letters to the mutual fund companies that held the accounts. The findings also stated that on each letter, Grager affixed the signature of a firm representative to evidence that the firm consented to the change. Grager accomplished this by creating and inserting an electronic copy of the firm representative's signature on the documents, did not disclose to the mutual fund companies that the firm's representative had neither signed the letters nor consented to the placement of her signature on them, and did not advise the firm that the letters were submitted to the mutual fund companies. Some of the mutual fund companies changed the dealer of record as requested. However, a mutual fund company contacted the firm and upon learning that the firm's representative had not signed the letter, declined to make the change. The acquiring firm received approximately $750 in 12b-1 fees and trailer commissions.

The suspension is in effect from September 17, 2012, through March 16, 2014. (**FINRA Case #2012032734801**)

William Mitchell Gray II (CRD #4655762, Registered Principal, Dunedin, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 30 business days. The fine must be paid either immediately upon Gray's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Gray consented to the described sanctions and to the entry of findings that he impersonated another employee of a non-FINRA member in a telephone call to effectuate the transfer of funds from one account a subsidiary of the non-member company maintained to another account the subsidiary maintained. The findings stated that Gray did not have authority to effectuate the transfer nor did he have the individual's authority or consent to impersonate him.

The suspension is in effect from September 17, 2012, through October 26, 2012. (**FINRA Case #2012032650501**)

Nicholas Harding (CRD #2864984, Registered Representative, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Harding's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Harding consented to the described sanctions and to the entry of findings that he signed a customer's name on several education savings accounts applications and a life insurance application with the customer's permission, in an effort to meet certain business-related production goals. The findings stated that the customer gave Harding permission to sign his name on the each of the documents and Harding initially funded the savings accounts and paid the insurance premium using his personal checking account and credit card. The customer later reimbursed him for these expenditures. The findings also stated that Harding forged the signatures of customers/employees he employed at his insurance agency, on applications for IRAs and a life insurance application and funded the accounts and policy using his personal checking account and credit card. Harding opened and funded the accounts and insurance policy without the knowledge and consent of the customers/employees.

The suspension is in effect from September 4, 2012, through March 3, 2013. (**FINRA Case #2011027312401**)

Michael John Hester (CRD #3044429, Registered Representative, Tampa, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hester consented to the described sanction and to the entry of findings that he engaged in a private securities transaction by accepting checks totaling $20,000 from individuals to purchase shares in an entity, without providing written notice to, or receiving approval from, his member firm. The findings stated that the individuals never received their shares. Hester deposited the checks into a bank account he controlled and converted the funds to his own use and benefit. (**FINRA Case #2010023562201**)

Tommy Roy Hester Jr. (CRD #5611899, Registered Representative, Wichita Falls, Texas) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Hester consented to the described sanction and to the entry of findings that he misappropriated customer insurance premiums totaling $578.49 by not making the requisite deposits remitting the premiums to his insurance company and instead deposited the customers' cash premium payments into his personal business bank account and then made withdrawals for personal expenses such that Hester's bank account ended with a negative balance. The findings stated that Hester accepted cash for customers' insurance policies and gave the customer receipts once he entered the insurance request into the insurance company's automated

system. Hester did not deposit the customer's cash premium payments into the insurance company's bank account. Instead, Hester used the cash for his own personal expenses. The findings also included that Hester's insurance company discovered his misappropriation when an internal accounting report indicated that Hester had a pattern of making late remittances of premium due to the insurance company. The insurance company conducted a special internal audit and discovered that checks remitted by Hester as payments to the insurance company of the premium payments had been returned for insufficient funds. During the audit, Hester remitted the premiums for a second time. FINRA found that in an interview and in a written statement, Hester admitted to using customers' insurance premium payments to keep his business running by paying his expenses. The insurance company informed Hester's member firm of his termination and the firm thereafter filed the Uniform Termination Notice for Securities Industry Registration (Form U5) reporting the misconduct. FINRA also found that Hester failed to respond to FINRA requests for information and testimony. (**FINRA Case #2011025944001**)

Marwin Eugene Hofer (CRD #1690108, Registered Representative, Aberdeen, South Dakota) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Hofer's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Hofer consented to the described sanctions and to the entry of findings that he participated in private securities transactions by referring customers to an investment company that offered private placement investments, without his member firm's knowledge or consent. The findings stated that Hofer explained to the customers that he had successfully invested his own money and recommended that they invest. Hofer's firm was not aware that he referred these customers to the company to invest in private placements and the firm's policies and procedures prohibited associates from participating in private securities transaction without the firm's prior written approval. The findings also stated that in order to facilitate the transfer of funds from the customers' firm accounts to the company, Letters of Authorization (LOAs) were executed from Hofer's firm office. Hofer never received any compensation from any of the transactions and never informed the firm of his participation in the customers' investments. As a result of Hofer's conduct, one customer lost approximately $150,000. The findings also included that Hofer engaged in an outside business activity by serving as the president of a non-profit charitable organization without his firm's knowledge and consent. The firm's policies and procedures stated that no associate may participate in an outside business activity without the firm's prior approval.

The suspension is in effect from September 17, 2012, through March 16, 2013. (**FINRA Case #2011027341701**)

Jeffrey James Hunneke (CRD #2537111, Registered Representative, Signal Mountain, Tennessee) submitted a Letter of Acceptance, Waiver and consent in which he was fined $5,000, suspended from association with any FINRA member in any capacity for three months and ordered to pay $18,500, plus interest, in restitution to customers. The fine and restitution amounts must be paid either immediately upon Hunneke's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Hunneke consented to the described sanctions and to the entry of findings that he borrowed a total of $18,500 from customers without his member firm's knowledge or consent, and contrary to his firm's WSPs that provided that an employee may only borrow money from, or lend money to, a customer if the client is an immediate family member or a financial institution or other business engaged in loaning money. Exceptions to this policy required approval from the firm's compliance department. The findings stated that the individuals did not meet the requirements to loan Hunneke money. The findings also stated that Hunneke borrowed $15,000 from one customer and gave the customer a promissory note that provided for payment with 10 percent interest. Hunneke borrowed the $3,500 from the other customer although there was no written agreement. Hunneke has not repaid either loan.

The suspension is in effect from August 20, 2012, through November 19, 2012. (**FINRA Case #2011027905001**)

Donald Horton Hunter Jr. (CRD #1849030, Registered Principal, Ridgefield, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hunter consented to the described sanction and to the entry of findings that he willfully made untrue statements and omitted material facts that misled investors and other brokers about the financial condition of his member firm's parent company in connection with the sale of its promissory notes. The findings stated that Hunter provided the investors and brokers with the financial results of the two broker-dealer subsidiaries of Westrock Group, and misrepresented that the entity was "breaking even." Although the broker dealer-subsidiaries were at times breaking even, the consolidated entity and issuer of the notes, Westrock Group, was consistently losing money. Hunter failed to disclose the substantial debts, losses or expenses separately incurred by the corporate parent, Westrock Group. The findings also stated that Hunter misrepresented that the intended use of the proceeds from the placement of his firm's parent company notes was to develop new business lines, when the proceeds were actually intended to pay obligations that the company had already incurred, and to allow the company to continue operating. The findings further stated that Hunter sold promissory notes to customers without a registration statement or an exemption from registration. Hunter also failed to supervise, for several months, any aspect of promissory note sales for the parent company. The findings also included that Hunter recommended the promissory notes to customers without reasonable grounds for believing that the notes were suitable. (**FINRA Case #2011026346203**)

Douglas Edmond Inlay (CRD #4770488, Registered Principal, Sioux City, Iowa) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Inlay received a $160 cash down payment from a customer to purchase an automobile insurance policy and, instead of submitting the payment to his member firm's affiliated insurance company, Inlay converted the money for his own purposes. The findings stated that Inlay falsely claimed to the insurance company representative who interviewed him that he had received a money order instead of cash and made several false statements to conceal the conversion. The findings also stated that Inlay provided the company with a falsely altered money order to conceal the conversion and an application for home insurance coverage to the insurance company that he knew contained false information. The false insurance application was created to conceal that the property for which the insurance was sought did not meet the company's insurability requirements. The findings also included that Inlay failed to appear for FINRA on-the-record testimony. (**FINRA Case #2010023753901**)

Margaret Anne Iorii (CRD #2036062 Registered Representative, Rehoboth Beach, Delaware) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $5,000 and suspended from association with any FINRA member in any capacity for 10 business days. The fine must be paid either immediately upon Iorii's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Iorii consented to the described sanctions and to the entry of findings that she exercised discretion in customer accounts without the customers' written authorization or her firm's acceptance of the accounts as discretionary. The findings stated that Iorii's firm prohibited discretionary trading in these types of customer accounts.

The suspension was in effect from September 4, 2012, through September 17, 2012. (**FINRA Case #2011028125901**)

Kahauanu Lake Kai (CRD #4973274, Registered Representative, Show Low, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for four months. The fine must be paid either immediately upon Kai's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Kai consented to the described sanctions and to the entry of findings that he disclosed to his member firm his involvement in an outside business activity, a real estate business venture he established with another individual. Kai stated that his responsibilities included retrieving mail, depositing checks from rental properties and disbursing funds to investors, but did not disclose that he would also be soliciting investments. Based on Kai's representations, his firm approved his participation in the business venture. The findings stated that the firm's compliance manual and WSPs manual prohibited its representatives from selling or promoting ventures to others, hold management positions or address

prospective investors. The findings also stated that Kai solicited firm customers to invest in his business venture without giving his firm prompt written notification of the proposed transactions and his proposed role therein. The customers invested a total of $150,000 in the form of promissory notes, which Kai executed on behalf of the business venture. The findings also included that Kai violated firm procedures by recommending and selling the promissory notes, which the firm never approved.

The suspension is in effect from August 20, 2012, through December 19, 2012. (**FINRA Case #2011026684201**)

Lionel Ernest Kraft Jr. (CRD #2479107, Registered Representative, Draper, Utah) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $25,000 and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon Kraft's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Kraft consented to the described sanctions and to the entry of findings that he recommended that some of his customers invest in a high-risk hedge fund offered as a sub-account within a private-placement VA. The hedge fund engaged in a complicated options-trading strategy that entailed significant risk that customers could lose money, and Kraft's customers ultimately incurred significant losses from their investments in the hedge fund. The findings stated that Kraft failed to adequately investigate or fully understand (and did not communicate to his customers) the appreciable risks associated with investing in the hedge fund before recommending it to his customers. Thus, Kraft lacked a reasonable basis for recommending an investment in the hedge fund. In addition, the findings stated that Kraft's recommendations to invest in the hedge fund were unsuitable for some of his customers in light of each of their investment objectives and risk tolerances.

The suspension is in effect from September 4, 2012, through September 3, 2013. (**FINRA Case #2010023600501**)

Mitchell Allen Kurtz (CRD #2437746, Registered Principal, Roslyn Heights, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000, suspended from association with any FINRA member in any capacity for 45 days and required to requalify by examination for the Series 7 (general securities representative) license. If Kurtz fails to requalify as a general securities representative within the suspension period, he will be suspended from acting in such capacity until the examination is successfully completed. Without admitting or denying the findings, Kurtz consented to the described sanctions and to the entry of findings that, without notifying his member firm, he altered information on certain new account forms as an accommodation to his customers. The findings stated that upon discovering apparent discrepancies on the new forms related to account profile information, Kurtz whited out the incorrect information and entered the corrected account information rather than have the customers complete

and send back revised forms. Kurtz entered the updated account information into the firm's electronic account system, which triggered the mailing of an account information verification letter to each of the customers highlighting the changes to the new account forms Kurtz made on their behalf. The findings also stated that by altering the original new account forms and not completing amended new account forms, Kurtz caused the firm to retain and preserve altered records.

The suspension is in effect from September 4, 2012, through October 18, 2012. (**FINRA Case #2009019378801**)

Michael A. Lamboy (CRD #5058677, Registered Representative, Brooklyn, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Lamboy improperly converted at least $1,860 from customer bank accounts for his personal use without authorization. The findings stated that Lamboy withdrew customer funds by filling out withdrawal slips, then issuing and using an ATM card with a personal identification number he created. The findings also stated that Lamboy failed to respond to FINRA requests to provide testimony. (**FINRA Case #2011026468501**)

Jennifer Joy Lashlee (CRD #5577016, Registered Representative, Greeneville, Tennessee) submitted a Letter of Acceptance, Wavier and Consent in which she was censured and barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Lashlee consented to the described sanctions and to the entry of findings that she misappropriated approximately $17,431 belonging to her member firm's parent company. The findings stated that while employed as an insurance agent with the parent company, Lashlee maintained a premium fund account (PFA) at a bank for processing insurance premium payments. Lashlee collected insurance premium payments from customers and reported the receipt of payments to the parent company. The findings also stated that on several occasions, Lashlee failed to deposit into her PFA the funds she received from customers for insurance premium payments and used insurance premiums not deposited in the PFA or funds in the PFA to pay her personal and business expenses without the parent company's knowledge or consent. The findings also included that on at least one occasion, Lashlee used funds meant to be deposited into the PFA to pay her personal insurance premiums without the parent company's knowledge or consent.

FINRA found that the parent company attempted to withdraw customer premium payments Lashlee reported to it; on several occasions, when it attempted to withdraw customer premium payments from Lashlee's PFA, Lashlee's bank denied the requests because the PFA had insufficient funds on deposit or was overdrawn. FINRA also found that the parent company conducted an internal investigation to determine the reason that Lashlee's PFA experienced shortages and to determine the extent of the shortages. The parent company reviewed Lashlee's PFA and determined that the PFA incurred shortages because funds had been improperly withdrawn or not deposited into the

account. During an interview, Lashlee explained to the parent company that because of her personal financial problems, she improperly used cash received for premium payments or improperly used funds in her PFA to pay personal and business expenses. (**FINRA Case #2011028393901**)

Alan Bruce Levin (CRD #3073530, Registered Principal, Coral Springs, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any principal capacity for 10 business days. Without admitting or denying the findings, Levin consented to the described sanctions and to the entry of findings that, as his member firms' FINOP, he allowed the firms to conduct a securities business while net capital deficient and failed to file the requisite net capital and early warning notifications for the firms. The findings stated that Levin caused the firms to file inaccurate FOCUS Reports and to maintain inaccurate books and records. Levin also caused one of the firms to file an inaccurate Annual Audit.

The suspension was in effect from September 17, 2012, through September 28, 2012. (FINRA Cases #**2010021107702**/**2010021256002**)

Gerard Sylvester Luczak (CRD #4227366, Registered Principal, Rocky Hill, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 18 months. The fine must be paid either immediately upon Luczak's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Luczak consented to the described sanctions and to the entry of findings that he created documents with false information that he provided to insurance customers. The documents purported to be from an insurance company and contained misstatements about the customers' insurance products. The findings stated that Luczak created illustrations to show his insurance customers how the fixed annuity products he sold them operated; but at one point, Luczak's calculations failed to take into consideration the customers' withdrawal of dividends. As a result, Luczak began to generate and provide the customers with illustrations that were inconsistent with the policy's terms. Luczak provided the customers with fabricated letters he created purporteding to be from the company, stating that the monthly income on their annuity would never decrease and that the monthly income on the policy was decreasing because of a recent federal law.

The suspension is in effect from August 20, 2012, through February 19, 2014. (**FINRA Case #2011028299701**)

Maurice Gene Mabon (CRD #3039518, Registered Representative, Merrillville, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mabon consented to the described sanction and to the entry of findings that he failed to appear for a FINRA on-the-record interview. (**FINRA Case #2011027598101**)

Sherrie Jane Malone (CRD #1635280, Registered Representative, Katy, Texas) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $11,250, which includes disgorgement of commissions received of $3,750 and a credit for a fine of $2,500 previously paid to the State of Texas, and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Malone consented to the described sanctions and to the entry of findings that she participated in the solicitation and sale to an investor of a life settlement contact, a security, offered by a company without first providing written notice to, and receiving written approval from, her member firm. The findings stated that Malone received a $3,750 commission payment in connection with the sale. The findings also stated that Malone lacked a reasonable basis to recommend the purchase of bonded life settlements to her customer, given her failure to perform a reasonable investigation or appropriate due diligence on the product. Malone failed to conduct independent checks on the background of the company's principals, took representations of others at face value without undertaking adequate independent ways to verify them, failed to obtain adequate information regarding the company's financial status and failed to adequately investigate the backgrounds of the entity that bonded the life settlement contract and the entity that estimated the life expectancies of the underlying insureds on the policies upon which the company's investment were based.

The suspension is in effect from September 4, 2012, through December 3, 2012. (**FINRA Case #2010022406501**)

Kameron McCullough (CRD #5696919, Registered Representative, Brooklyn, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, McCullough consented to the described sanction and to the entry of findings that while employed by his member firm's banking affiliate as a personal banker, McCullough provided the banking affiliate's customer information to unauthorized third parties in exchange for money. The findings stated that over the course of numerous months, the parties periodically provided McCullough with a specific name or social security number and asked him to provide bank account information, or supplied McCullough with a profile setting forth general parameters concerning gender, age and geographic location, and requested account information to fit that profile. McCullough received payments as high as $500 each time he provided information, earning a total of approximately $6,000 for data relating to the affiliate bank's customers. McCullough did not provide information concerning firm accounts and was not asked to do so. The findings also stated that as a result of McCullough's acts, the affiliate bank's customers ultimately lost more than $600,000 from their accounts. (**FINRA Case #2010024702401**)

William James McGuane (CRD #4223597, Registered Representative, Aurora, Illinois) was fined $5,000 and suspended from association with any FINRA member in any capacity for one year. The fine is due and payable when and if McGuane re-enters the securities industry in any capacity. The sanctions were based on findings that McGuane failed to timely respond to FINRA requests for information.

The suspension is in effect from August 20, 2012, through August 19, 2013. (**FINRA Case #2010023003801**)

Michael Anthony McIntyre (CRD #1014332, Registered Representative, Shadow Hills, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that McIntyre submitted false expense reports and receipts for two years to make it appear that he was entitled to be reimbursed for expenses that he had not incurred. McIntyre converted a total of $4,109.40. (**FINRA Case #2010021406501**)

Michael Lee Mendenhall (CRD #4963691, Registered Representative, Denver, Colorado) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Mendenhall responded falsely to FINRA's request for information regarding the number of customers from which he had borrowed funds. The findings stated that Mendenhall borrowed a total of $309,710 from four elderly customers in violation of FINRA rules and contrary to his member firm's written policy prohibiting its registered representatives from borrowing money from customers under any circumstances. The findings also stated that Mendenhall repaid one customer and repaid two other customers only $10,000 each on the promissory notes he executed. (**FINRA Case #2009020489901**)

Kenneth Metviner (CRD #1178560, Registered Representative, Paramus, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 10 business days. The fine must be paid either immediately upon Metviner's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Metviner consented to the described sanctions and to the entry of findings that he exercised discretionary power in some customer accounts when he did not have written authorization from those customers to place discretionary trades in those accounts. The findings stated that Metviner failed to obtain his member firm's written acceptance of the accounts as discretionary.

The suspension was in effect from August 20, 2012, through August 31, 2012. (**FINRA Case #2011026103901**)

Nima Mohajeri (CRD #5957534, Registered Representative, Los Angeles, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Mohajeri's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Mohajeri consented to the described sanctions and to the entry of findings that he possessed unauthorized materials for use during his Series 7 general securities representative examination. The findings stated that before the start of the examination, Mohajeri placed a summarized Series 7 study guide in the restroom used by examinees.

During the examination, Mohajeri took unscheduled breaks to enter the restroom where the study guide had been placed.

The suspension is in effect from August 6, 2012, through August 5, 2014. (**FINRA Case #2012030954901**)

Nolan Wayne Moore (CRD #3237722, Registered Representative, Beaumont, California) was barred from association with any FINRA member in any capacity for failing to appear for on-the-record testimony, barred from association with any FINRA member in any capacity for engaging in undisclosed outside business activities, and was fined $15,000 and suspended from association with any FINRA member in any capacity for 18 months for failing to respond timely to requests for information and documents. The National Adjudicatory Council (NAC) imposed the sanctions following an appeal of an Office of Hearing Officers (OHO) decision.

The suspension is in effect from September 4, 2012, through March 3, 2014. (**FINRA Case #2008015105601**)

Delores Jeanne Mosier (CRD #1279134, Registered Principal, LaPorte, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $10,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Mosier's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Mosier consented to the described sanctions and to the entry of findings that she was her member firm's chairman, principal and CCO, and her duties included performing the functions of a FINOP for her firm. The findings stated that Mosier listed fictitious purchases of mutual funds by her customers on the firm's revenue log, and also listed the purported mutual fund being purchased and the commissions due to the firm as a result of each purchase; the commissions for the fictitious transactions totaled $173,000. The findings also stated that after each of the fictitious transactions was listed on the firm's records, Mosier would purchase cashier's checks totaling the amounts of the commissions owed to the firm and then deposit them in the firm's operating account to create the illusion that the commission revenue was received, which would be classified as equity, when in fact the funds were loaned to the firm by Mosier, which would be a liability of the firm. Mosier engaged in such conduct to avoid the requirement that paid-in capital must be held by the firm for at least one year. The findings also included that on numerous occasions, the firm failed to maintain its minimum required net capital as a result of Mosier's fictitious transactions.

FINRA found that Mosier failed to prepare an accurate general ledger, trial balances and net capital calculations on her firm's behalf on numerous occasions, causing her firm to maintain inaccurate books and records; the inaccuracies were the result of her fictitious transactions and deposits of funds she falsely recorded as commission income. FINRA

also found that the firm, acting through Mosier, failed to prepare and file accurate FOCUS Reports Part IIA for numerous calendar quarters because of her fictitious transactions and deposits of personal funds she falsely recorded as commission income.

The suspension is in effect from September 4, 2012, through September 3, 2014. (**FINRA Case #2010021315502**)

Christopher Michael Murtha (CRD #2880315, Registered Principal, West Sayville, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for one month. In light of Murtha's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Murtha consented to the described sanction and to the entry of findings that he met with a customer who requested that he transfer a joint account she held with a relative from another firm to Murtha's member firm. Murtha was not aware the customer and relative were not on speaking terms and was not aware that the relative did not have any knowledge of the intent to transfer the joint account. The findings stated that Murtha provided the customer with account transfer documents which she completed outside of Murtha's presence. The documents reflected the relative's personal information and what appeared to be her signature, even though the relative was not present and did not sign the documents. The findings also stated that Murtha completed and signed a form certifying he had witnessed the signatures of both customers and had verified their identity by reviewing photo identification, which was false because he had not witnessed either customer sign the documents and had not reviewed the relative's driver's license as verification.

The suspension was in effect from September 4, 2012, through October 3, 2012. (**FINRA Case #2011026705601**)

Kevin Joseph Nainiger (CRD #2400386, Registered Representative, Auburn, Maine) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Nainiger consented to the described sanctions and to the entry of findings that he borrowed money from customers in contravention of his member firm's written policies prohibiting its registered representatives from lending to, or borrowing money from, a client except under certain exceptions, including loans based on a business relationship outside of the broker-customer relationship. The firm's procedures required, however, that a registered representative seek and obtain its written approval before participating in a lending arrangement. The findings stated that Nainiger purchased a building from his customers through his wholly-owned limited liability company. The customers agreed to finance the sale and provide a loan to Nainiger, through his company, in the amount of $140,000. Nainiger provided the customers with a promissory note in that amount. To date, Nainiger, through his company, has made all required payments on the promissory note. The findings also stated that Nainiger did

not seek or obtain such approval before entering into a borrowing arrangement with the customers, nor did he otherwise disclose that arrangement to the firm. The findings also included that Nainiger indicated on a firm compliance questionnaire that he had not borrowed money from any customers.

The suspension is in effect from September 4, 2012, through October 15, 2012. (**FINRA Case #2012032069301**)

Marshall Douglas Nelson (CRD #1251828, Registered Principal, Owasso, Oklahoma) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $30,000, suspended from association with any FINRA member in any capacity for six months and ordered to pay $26,543, plus interest, in restitution to a customer. The fine and restitution amounts must be paid either immediately upon Nelson's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Nelson consented to the described sanctions and to the entry of findings that he made unsuitable recommendations to an elderly customer. The findings stated that Nelson, who was under heightened supervision, recommended the sale of a low risk, income producing bond and the subsequent purchase of high-risk equity positions in the customer's account. The high-risk equity holdings were speculative and did not comport with the investment objective selected in the customer's new account form, and were inconsistent with the customer's investment objectives, financial situation, and needs.

The suspension is in effect from September 17, 2012, through March 16, 2013. (**FINRA Case #2010024972502**)

James Anthony Olivo (CRD #3021522, Registered Representative, Orchard Park, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $7,500 and suspended from association with any FINRA member in any capacity for 30 business days. The fine must be paid either immediately upon Olivo's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Olivo consented to the described sanctions and to the entry of findings that he engaged in a business that was conducted outside the scope of his employment with a member firm, and received approximately $2,600 in compensation for those activities. The findings stated that on several occasions, Olivo falsely certified to one of his member firms or to an affiliate of one of those firms that he was not engaged in any outside business activity. Thus, he did not inform his member firms of his business activity.

The suspension was in effect from August 20, 2012, through October 1, 2012. (**FINRA Case #2011027042701**)

David Alan Oppenheim (CRD #2187789, Registered Principal, Long Beach, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any principal capacity for six months. Without admitting or denying the findings, Oppenheim consented to the described sanctions and to the entry of findings that, as branch manager for a member firm's branch office, he instructed brokers who had sold speculative or aggressive investments to obtain updated customer account forms indicating that their customers had aggressive risk tolerances and speculative investment objectives, even when he did not have a reasonable basis for believing that the customer possessed these risk tolerances or investment objectives. The findings stated that Oppenheim was responsible for reviewing the daily trade blotter and as a result of reviewing the blotter or receiving information from others, he became aware of numerous instances in which a recommended customer transaction appeared to be unsuitable in light of the investment objective and/or risk tolerance recorded in the customer account form. The findings stated that Oppenheim instructed the broker of record to obtain an updated customer account form reflecting an investment objective or risk tolerance different than what was indicated on the existing form. In many instances, Oppenheim instructed the broker to obtain an updated customer account form changing the customer's risk tolerance to aggressive or investment objective to speculation. The findings also stated that Oppenheim told the brokers that, pursuant to firm policy, a customer's account would be restricted to liquidating transactions if a broker was unsuccessful in obtaining a revised customer account form. In light of the number of transactions that Oppenheim learned were inconsistent with the investment objectives and risk tolerance on the customers' existing forms, he did not have a reasonable basis for believing that these customers had changed their risk tolerances or investment objectives. The findings also included that as a result of Oppenheim's instructions, the brokers obtained customer account forms that did not reflect the customers' actual investment objectives or risk tolerances, causing the falsification of documents and causing the firm to maintain inaccurate records.

The suspension is in effect from October 1, 2012, through March 31, 2013. (**FINRA Case #2011026346202**)

Frank Leonard Patti Jr. (CRD #2647997, Registered Representative, Hillsborough, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $2,500 and suspended from association with any FINRA member in any capacity for 30 business days. The fine must be paid either immediately upon Patti's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Patti consented to the described sanctions and to the entry of findings that he failed to disclose a material fact on his Form U4.

The suspension was in effect from August 20, 2012, through October 1, 2012. (**FINRA Case #2011029677401**)

Amir Elon Permeh (CRD #5781898, Registered Representative, Sioux Falls, South Dakota) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for seven months. The fine must be paid either immediately upon Permeh's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Permeh consented to the described sanctions and to the entry of findings that he sent an email to potential customers regarding an investment opportunity in the common stock shares of a closed-end management fund. The findings stated that the email constituted sales literature and violated certain approval requirements and content standards, including that it was not approved by a registered principal of his member firm; it omitted any discussion of risks; and contained misleading statements; and contained an improper price projection. The findings also stated that Permeh failed to timely respond to FINRA requests for information regarding the unapproved email.

The suspension is in effect from September 4, 2012, through April 3, 2013. (**FINRA Case #2011028277301**)

Kevin Derray Potter (CRD #5328413, Registered Representative, Syracuse, Utah) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for nine months. In light of Potter's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Potter consented to the described sanction and to the entry of findings that he failed to provide a timely response to FINRA's requests for information and documents regarding his termination from his member firm and allegations that he had falsified customer signatures on insurance documents. The findings stated that Potter falsified a signature when he signed a customer's name on a life insurance application.

The suspension is in effect from September 4, 2012, through June 3, 2013. (**FINRA Case #2010024681402**)

Gilbert Birdinground Pugliano (CRD #4702369, Registered Representative, Medford, Oregon) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Pugliano consented to the described sanction and to the entry of findings that he successfully solicited a $26,000 investment from a customer in a land lease contract pertaining to tribal lands. Pugliano represented that the returns on the investment would be generated by sub-lease contracts with third parties but never obtained any contracts for the land and, instead, spent the customer's money on personal uses. The findings stated that Pugliano borrowed $25,000 from the customer and a total of $42,000 from another customer contrary to his firm's written procedures that permitted loans between employees and customers if the customer was a member of the employee's immediate family, the customer was a financial institution regularly engaged in the business of

providing loans, the customer was an employee of the firm (advance notice to and written approval by the firm required), or the lending arrangement was based on a personal or business relationship outside of the firm's business (advance notice to and written approval by the firm required). None of these circumstances applied to the customers. The findings also stated that Pugliano never provided notice of these loans to the firm and did not obtain the firm's written approval to engage in the loans. The findings also included that Pugliano failed to respond to FINRA requests for information regarding his Form U5 filed after allegations were made which accused him of having unapproved financial relationships with clients. (**FINRA Case #2010021397501**)

Astrid Sylvia Reinis (CRD #2193464, Registered Representative, Anaheim, California) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $5,000 and suspended from association with any FINRA member in any capacity for three months. Without admitting or denying the findings, Reinis consented to the described sanctions and to the entry of findings that she borrowed $10,000 from a customer and failed to disclose the loan on the firm's compliance questionnaire. The findings stated that the firm's WSPs provided that a registered person is prohibited from lending or borrowing money to or from a customer except through an approved margin account, with two exceptions. These exceptions were not met for this borrowing because Reinis was not an immediate member of the customer's family and the customer was not a registered person.

The suspension is in effect from September 4, 2012, through December 3, 2012. (**FINRA Case #2010023882101**)

Hugh Alexander Ross Sr. (CRD #3130376, Registered Representative, Wenatchee, Washington) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ross consented to the described sanction and to the entry of findings that he refused to appear for investigative testimony concerning a customer complaint. (**FINRA Case #2011029760101**)

Nancy Ellen Rufa (CRD #2431372, Registered Representative, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $7,500 and suspended from association with any FINRA member in any capacity for 45 days. The fine must be paid either immediately upon Rufa's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Rufa consented to the described sanctions and to the entry of findings that an email was sent from a customer's email account to the broker for whom Rufa worked, as an administrative assistant in one of her member firm's branches, requesting a wire transfer for $48,600 to a foreign bank. The findings stated that the broker forwarded the email to Rufa and assigned her the task of processing the wire transfer request. Rufa began collecting the necessary information to process the wire transfer and exchanged several emails with the individual who was an imposter but who she thought was the customer. The findings also

stated that after Rufa began entering the wire transfer request on the firm's online system, the system prompted her to make a Client Attestation Form. Rufa prepared a false Client Attestation Form that indicated that she had spoken to the customer to confirm the wire transfer instructions. The Client Attestation Form falsely stated that Rufa spoke to the customer the day before the email request, and that Rufa knew the customer personally or that she recognized his voice. In fact, Rufa had not spoken with the customer to confirm the requested wire transfer. The findings also included that Rufa failed to code the wire transfer request as an international wire, which would have necessitated a written letter of authorization from the customer. Instead, Rufa incorrectly marked the request as a domestic wire. After Rufa entered the request, the money was wired out of the customer's account. The firm later reimbursed the customer. FINRA found that by making the false Client Attestation Form, Rufa caused the firm to maintain false books and records.

The suspension is in effect from September 4, 2012, through October 18, 2012. (**FINRA Case #2011027358801**)

Jason Edward Seurer (CRD #2541616, Registered Representative, Independence, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000, suspended from association with any FINRA member in any capacity for 18 months, and ordered to pay $25,000, plus interest, in restitution to a customer. The fine and restitution amounts must be paid either immediately upon Seurer's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Seurer consented to the described sanctions and to the entry of finding that he participated in private securities transactions by referring customers to an investment company that offered private placement investments without his member firm's knowledge or consent. The findings stated that Seurer solicited the customers and made specific investment recommendations involving the purchase of promissory notes the company offered, receiving $25,000 in commission for one account. As part of his investment recommendations, Seurer also explained that he had successfully invested his own money with the company. Seurer's firm was not aware that he referred these customers to the company for purposes of investing in private placements and the firm's policies and procedures prohibited associates from participating in private securities transaction without the firm's prior written approval. The findings also stated that to facilitate the transfer of funds from the customers' firm accounts to the company, LOAs were executed from Seurer's firm office. Seurer never informed the firm of his participation in the customers' investments. The findings also included that most of the customers were compensated for the entire amount of their investments as a result of settlements with the firm; however, one customer sustained uncompensated losses of $25,000.

The suspension is in effect from September 17, 2012, through March 16, 2014. (**FINRA Case #2011027116501**)

Edgar Allen Thomas (CRD #2231242, Registered Principal, Winter Haven, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any principal capacity for 10 business days. The fine must be paid either immediately upon Thomas' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Thomas consented to the described sanctions and to the entry of findings that he failed to reasonably supervise a registered representative with his member firm who recommended deferred VA purchases or exchanges to customers without having a reasonable basis to believe that the customer had been informed of the potential surrender periods and surrender charges associated with the deferred VAs or the potential charges for and features of riders associated with the annuities. The findings stated that Thomas failed to reasonably respond to the inaccurate information that the representative provided to customers in the firm's deferred VA disclosure forms, and rather than require correction of the misinformation, Thomas accepted the representative's explanation that the customers fully understood the terms of the deferred VAs.

The suspension was in effect from August 20, 2012, through August 31, 2012. (**FINRA Case #2010021108002**)

William David Thomas Jr. (CRD #1316283, Registered Principal, Alabaster, Alabama) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Thomas consented to the described sanction and to the entry of findings that he borrowed a total of approximately $245,000 from firm customers contrary to his member firm's procedures prohibiting a representative from borrowing money from a customer, except in the case of immediate family members or if such customers were in the business of lending money, which these customers were not. The findings stated that Thomas was aware of the firm's prohibitions at the time of the loans but did not inform his firm until approximately 11 months after the initial loan. The firm's CEO instructed Thomas to prepare promissory notes for each loan and apply a specific repayment schedule. Each customer executed post-loan promissory notes that referenced a 10 percent interest rate for repayment, but to date Thomas has failed to repay any portion of the loaned funds. The findings also stated that Thomas participated in private securities transactions by offering and selling securities to raise funds to purchase a company involved in the receivables-factoring business, but failed to disclose his participation in the sales to his firm nor did he receive firm approval for the sales. The findings also included that Thomas routinely used an unapproved personal email address to disseminate daily market commentary as well as investment analyses to certain brokerage clients, without his firm's knowledge or approval, so the firm had no opportunity to monitor or archive the emails. Thomas did this despite being aware of the firm's written policies and procedures requiring it to monitor incoming and outgoing correspondence.

FINRA found that Thomas participated as a guest speaker at an industry symposium without providing the firm a copy of his speech or informing the firm about his involvement despite the firm's requirement that he do so. In connection with his speech at the industry symposium, Thomas created and allowed the publication of an inaccurate biography of himself on an industry website; the biography identified him as the founder of a hedge fund, which at the time had not yet been formed, so the biography contained false, exaggerated, unwarranted and misleading statements and claims. FINRA also found that Thomas failed to respond to a FINRA request to provide investigative testimony during an on-the-record interview. (**FINRA Case #2010021668702**)

Kris Michael Thoresen (CRD #1940175, Registered Representative, Ponte Vedra, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon Thoresen's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Thoresen consented to the described sanctions and to the entry of findings that he was aware of his member firm's supervisory guidelines requirements that its registered representatives submit all VA transaction documents to the firm for review and principal approval prior to forwarding the documents to the product sponsor for processing. The findings stated that Thoresen bypassed the firm's supervisory guidelines by submitting VA applications for several firm customers directly to the product sponsor without obtaining the firm's approval as he was required to do. These transactions had a total market value of over $1.2 million, and all of these transactions were processed at the product sponsor. The findings also stated that Thoresen submitted some of the transactions after the firm had rejected them. Thoresen did not notify the firm that he had submitted any of these transactions directly to the product sponsor.

The suspension is in effect from August 20, 2012, through August 19, 2013. (**FINRA Case #2011027184001**)

Diane J. Torigian (CRD #4883366, Associated Person, Aberdeen, South Dakota) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Torigian's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Torigian consented to the described sanctions and to the entry of findings that she had a practice of processing LOAs that the customer had previously signed in order to effectuate withdrawals and transfers of funds for the customers. The findings stated that the pre-signed LOAs were stored in each of the customer's files for later use. When the customer requested a transfer or withdrawal, Torigian used one of the blank, signed LOAs in the customer's file to effectuate the transaction. After receiving the customer's

authorization to withdraw or transfer funds, Torigian filled in the relevant information on the pre-signed LOA and processed the transaction without any further contact with the customer. The findings also stated that the member firm's policies and procedures prohibited staff from obtaining and using documents that had been pre-signed by a customer and Torigian was aware of the firm's prohibition against this practice. By processing the pre-signed LOAs, Torigian caused the firm to maintain inaccurate business records.

The suspension is in effect from September 17, 2012, through December 16, 2012. (**FINRA Case #2011027578701**)

Brent Aaron Volstad (CRD #5438976, Registered Representative, Plymouth, Minnesota) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Volstad failed to respond to FINRA requests for information and documents. The findings stated that Volstad failed, also, to respond in a timely manner to FINRA requests for information and documents. (**FINRA Case #2010025730302**)

Keath Allen Ward (CRD #2785440, Registered Representative, Lake St. Louis, Missouri) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Ward failed to respond to FINRA requests for information and documents in connection with investigation into the facts and circumstances of Ward's liens and judgments. (**FINRA Case #2010025270802**)

Stephanie Lee Webster (CRD #2424488, Registered Representative, Fort Lauderdale, Florida) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $5,000 and suspended from association with any FINRA member in any capacity for 15 business days. The fine must be paid either immediately upon Webster's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Webster consented to the described sanctions and to the entry of findings that she attempted to settle a customer's complaint, without notifying her current or previous member firm. The findings stated that Webster offered to settle the customer's complaint by either paying him approximately $70,000 or by creating a consulting agreement with the customer, whereby Webster would pay the customer for consulting services as a method of resolving the customer's complaint.

The suspension was in effect from September 17, 2012, through October 5, 2012. (**FINRA Case #2010024798801**)

Deanna Michelle Williamson (CRD #4399708, Registered Principal, Fallbrook, California) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $10,000 and suspended from association with any FINRA member in any capacity for four months. Without admitting or denying the findings, Williamson consented to the described sanctions and to the entry of findings that she made copies of signature pages for

documents several customers submitted and reused those signature pages for other unsigned documents. The findings stated that Williamson created documents that falsely appeared to have been signed by customers, and by creating these false documents caused her member firm's books and records to be inaccurate.

The suspension is in effect from September 4, 2012, through January 3, 2013. (**FINRA Case #2010023800401**)

William Wallace Wolfe II (CRD #603933, Registered Principal, Tulsa, Oklahoma) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any supervisory capacity for one month. Without admitting or denying the findings, Wolfe consented to the described sanctions and to the entry of findings that he failed to reasonably supervise a registered representative who made unsuitable recommendations to an elderly customer. The findings stated that the registered representative, who was under heightened supervision, recommended the sale of a low-risk, income-producing bond and the subsequent purchase of high-risk equity positions in the customer's account. Wolfe concluded that since one of the holdings was speculative, it did not comport with the selected investment objective in the account form and instructed an employee to change the form to reflect speculative as an investment objective to comport with the holdings and to forward the revised form to the customer for his review and signature. The findings stated that the customer signed the new account form and returned it to the firm. The findings also included that Wolfe failed to contact the customer to ask about his investment objective or whether he understood he held a speculative investment. Because heightened supervision for the registered representative was in effect, Wolfe should have contacted the customer.

The suspension is in effect from October 1, 2012, through October 31, 2012. (**FINRA Case #2010024972501**)

Richard Herman Wurz (CRD #1359042, Registered Representative, Holland, Ohio) submitted an Offer of Settlement in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for two months. Without admitting or denying the allegations, Wurz consented to the described sanctions and to the entry of findings that he intentionally deleted securities business-related emails that resided in a personal email account during a FINRA examination of his office location. The findings stated that Wurz caused the emails that resided in his personal email account when the examiner's review began to be deleted permanently, preventing FINRA from conducting any further review of the emails beyond the review that had already occurred. As a result, FINRA staff was unable to determine how many additional emails relating to the firm's business were contained in the personal email account, which impeded FINRA's branch office examination and regulatory oversight of Wurz's business activities. The findings also stated that Wurz's use of his personal email account for firm business-related communications was done without his member firm's knowledge or consent. The firm's

internal written policies required all securities representatives to use their firm-assigned email address for all business-related emails. The business-related emails that FINRA printed in conducting the branch office examination constituted business records that the firm was required to maintain and preserve in conformance with applicable recordkeeping laws and rules. Wurz failed to cause the emails or copies thereof to be procured by the firm for possible review in accordance with its procedures or reviewing non-electronic and electronic correspondence. The findings also included that Wurz caused his firm to fail to maintain and preserve business-related emails and to violate applicable record retention laws and rules.

The suspension is in effect from September 4, 2012, through November 3, 2012. (**FINRA Case #2011027621701**)

Timothy Otto Zastrow (CRD #2064214, Registered Representative, Fargo, North Dakota) submitted a Letter of Acceptance, Waiver and Consent in which he was censured, fined $10,000, suspended from association with any FINRA member in any capacity for six months and ordered to pay a total of $7,150, plus interest, in restitution to customers. The fine and restitution must be paid either immediately upon Zastrow's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Zastrow consented to the described sanctions and to the entry of findings that he improperly borrowed approximately $8,475 from customers of his member firm, who were not related to Zastrow. The findings stated that Zastrow's firm's procedures, which he received, explicitly prohibited registered representatives from borrowing money or securities from a customer in any instance other than in one involving an immediate family member. Of the $8,475, Zastrow repaid approximately $1,325, leaving $7,150 still unpaid to the customers. The findings also stated that Zastrow met with a customer of a firm affiliate to discuss the customer's intention to apply for several life insurance policies for his household. The customer agreed to purchase the policies and was required to sign the applications via an electronic keypad to complete the application process. Due to technical difficulties, the customer was unable to sign the electronic portion of the applications, and Zastrow signed the customer's signature on the applications at a subsequent date and submitted the applications to process the life insurance policies.

The suspension is in effect from September 4, 2012, through March 3, 2013. (**FINRA Case #2011027358501**)

Individual Fined

Andrew Martin Abern (CRD #1610607, Registered Principal, Miami, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was censured and fined $25,000. Without admitting or denying the findings, Abern consented to the described sanctions and to the entry of findings that he provided some customers with VA expense disclosure

forms that contained inaccurate information; the forms understated the annual expenses that would be charged on the new annuities the customers were purchasing. The findings stated that Abern recommended that a customer purchase a VUL policy and recommended that the customer refinance his home and use a portion of the refinance proceeds to partially fund the purchase of the VUL policy. The transaction was unsuitable due to the significant potential risks posed by using mortgage proceeds to make securities investments and the high concentration level in the VUL investment. The customer purchased the VUL for $332,000 using $100,000 in mortgage proceeds, and the remainder representing more than two-thirds of his liquid assets. (**FINRA Case #2010023535101**)

Decisions Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of August 31, 2012. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions where the time for appeal has not yet expired will be reported in future FINRA Notices.

Wedbush Securities, Inc. (CRD #877, Los Angeles, California) and Edward William Wedbush (CRD #461221, Registered Principal, Rancho Santa Fe, California). The firm was fined $300,000. Edward Wedbush was fined $25,000 and suspended from association with any FINRA member from all supervisory activities, other than the supervision of trading and order entry, for 31 days. The sanctions were based on findings that the firm failed to file, filed late and filed inaccurate NYSE Forms RE-3 and Forms U4 and U5. The findings stated that the firm failed to file, filed late or filed inaccurate statistical reports regarding customer complaints. The findings also stated that the firm failed to supervise registration filings for more than five years. Despite numerous red flags, the firm failed to act decisively to ensure that it filed accurate and timely Forms U4, U5, RE-3 and quarterly statistical reports. The firm's senior management was alerted to reporting problems but continued to file late and inaccurate reports, and failed to file some reports at all. The findings also included that Edward Wedbush, as president of his firm, failed to ensure that the firm complied with registration requirements despite frequent warning signs that those with direct responsibility for the filings were failing to perform their filing duties.

The decision has been appealed to the NAC and the sanctions are not in effect pending the appeal. (**FINRA Case #2007009404401**)

Blair Alexander West (CRD #2647767, Registered Principal, Southampton, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that West misused a company's funds after West, on his member firm's behalf, and the company entered into an advisory agreement. The findings stated that the advisory agreement, which West drafted, provided that the firm had the exclusive right to serve as escrow agent. When West took the funds, he told the company and a company providing

capital that the funds would he held in escrow until closing. The bank where the company wired the money did not hold the funds in escrow and West was able to exercise unfettered control over the account. The findings also stated that contrary to West's representation, as soon as he received the funds, he exploited the company's funding for his own benefit and used the funds to pay his personal expenses. After several months, the company told West to return the deposit and over the next several months, West offered a series of excuses to stall the return of funds while he attempted to raise funds. West misrepresented his commitment to return the funds as he had used the funds for his own expenses and had no ability to return them. The president of the company filed a complaint with FINRA and West soon after wired the funds to the company.

The findings also included that West caused his firm to accept customer funds before an offering met the minimum contingency and to accept investor funds that were not subject to an escrow agreement a bank administered.

The decision has been appealed to the NAC and the sanction is not in effect pending the appeal. (**FINRA Case #2009018076101**)

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding these allegations in the complaint.

Johan Mary-Lyn Akal (CRD #4050242, Registered Representative, Sarasota, Florida) was named a respondent in a FINRA complaint alleging that, without permission or authority, she forged a customer's signature on bank cash withdrawal slips and effected cash withdrawals from the customer's bank account, without permission or authority from the customer or the bank to sign the customer's name on the cash withdrawal slips or withdraw funds from the customer's account. Akal converted for her own use and benefit $47,186.58 from the customer's bank account. The bank reimbursed the customer $47,186.58. The complaint alleges that Akal failed to provide written responses to FINRA requests for information regarding allegations that she had misappropriated funds from bank customer accounts and failed to appear and testify as FINRA requested. (**FINRA Case #2011030662501**)

Levinski Dealexis Barnes (CRD #2292179, Registered Representative, Lutz, Florida) was named a respondent in a FINRA complaint alleging that he discussed with a customer an investment in an accounting business that Barnes and other individuals were contemplating purchasing. The complaint alleges that Barnes told the customer that if the

offer for the business was not accepted, his funds would be returned to him in full. The customer agreed to purchase an interest in the business and wired an aggregate of $50,000 to an entity Barnes owned and controlled. The complaint also alleges that Barnes informed the customer that they did not win the bid to purchase the business and that the $50,000 could not be repaid immediately. Barnes wired the customer a total of $13,300 but has not repaid the balance of $36,700, thereby exercising unauthorized control over the customer's funds to which he was not entitled and making improper use of the customer's funds. The complaint further alleges that Barnes failed to timely and completely respond to FINRA requests for information and documentation regarding his entity's bank account, thereby impeding FINRA's investigation and preventing FINRA from completing its regulatory responsibility to fully investigate potential rule violations. (**FINRA Case #2010024271001**)

Christopher Andrew Milam (CRD #5586830, Registered Representative, Des Moines, Iowa) was named a respondent in a FINRA complaint alleging that he approached a country club to sponsor annual golf tournaments, the proceeds of which would be used to create a college scholarship after the net profits accumulated for the first five years. Two memorial golf tournaments took place, generating a total net profit of $3,471. The complaint alleges that in an email, Milam claimed he had created an account with an insurance company to deposit the funds from the tournament. The country club then decided to use the funds to pay outstanding debts but Milam refused to give the country club the proceeds, refused to tell the country club what he did with the profits, and did not produce any documents showing how he invested the funds and did not return the funds. The complaint also alleges that the insurance company could not find any account in connection with Milam's name. The complaint further alleges that the county sheriff's office filed a complaint and the local county attorney filed a trial information accusing Milam of theft in the second degree, a class D felony. Milam entered an Alford plea to theft in the fifth degree, a simple misdemeanor, and the court entered a deferred judgment to the amended charge. The country club's insurance carrier reimbursed the country club $3,471 and Milam's family reimbursed the insurance company. In addition, the complaint alleges that Milam failed to respond to FINRA's requests for information regarding the alleged misappropriation of $3,471. FINRA also requested copies of all pleadings in the criminal action, and other documents that would be helpful in the investigation, but neither Milam nor his attorney have responded. (**FINRA Case #2011027538701**)

Cristie Lynn Rothweiler (CRD #5209424, Associated Person, Phoenix, Arizona) was named a respondent in a FINRA complaint alleging that she engaged in check kiting and drew bad checks on her account at a bank affiliated with her member firm. The complaint alleges that Rothweiler transferred the entire balance of her checking account with a bank affiliated with her firm to her brokerage account with the firm and then drew a $320 check on the bank account and deposited it into the brokerage account. Rothweiler knew or should have known that her bank account did not have sufficient funds to cover the $320 check. After Rothweiler transferred the funds and deposited the check into her brokerage account, she requested that the firm issue a firm check in the amount of $887.70, payable

to her landlord against the brokerage account. The complaint also alleges that without the purported $320 deposit, the brokerage account would not have had sufficient funds to cover the $887.70 check and the firm would not have issued its check. Rothweiler's $320 check was dishonored and returned to the firm for insufficient funds. The firm then charged Rothweiler's brokerage account for the bad check, resulting in a debit balance in the account. Rothweiler covered the debit balance. The complaint further alleges that after Rothweiler initiated additional insufficient fund transactions in the bank account, the firm sent her an email notifying her that its affiliated bank had terminated her checking privileges and that the bank account was closed. Rothweiler replied to the firm's email acknowledging that she was aware that her checking privileges had been terminated; therefore, Rothweiler knew or should have known that she could not draw further checks on this account. Despite this knowledge, Rothweiler drew a $410 check on the closed bank account, which was dishonored and returned. In addition, the complaint alleges that Rothweiler converted $1,198.55 from her firm by providing the firm with a $1,250 check drawn on a closed bank account to obtain immediate access to firm funds. The check Rothweiler drew on her closed bank account was dishonored and returned unpaid to the firm. The firm charged her brokerage account for the bad check, resulting in a debit balance to the account. To date, Rothweiler has repaid the firm only $160 of the $1,198.55 that she converted for her own use and benefit. (**FINRA Case #2010024238801**)

Cecilia Sawyer aka Cecilia Cabasco Villanueva (CRD #2549482, Registered Principal, Federal Way, Washington) was named a respondent in a FINRA complaint alleging that she participated in the misappropriation of VA death benefit funds. The complaint alleges that Sawyer submitted a customer's death benefit claim, along with a death certificate to the insurance company, and set up a mailbox where the check containing the misappropriated funds would be sent. The address listed on the annuity claim form was a mailbox at a mailbox store, and the application for that mailbox was submitted and signed by Sawyer's alias. Sawyer received funds from the misappropriated death benefit, including a $6,000 payment, and her relative received $9,000 from the misappropriated death benefit on the same day Sawyer received the $6,000 payment. The complaint alleges that Sawyer acted as the account representative for a VA purchased through her member firm from the insurance company by a customer with $83,000 from the misappropriated death benefit. The complaint further alleges that Sawyer failed to provide documents and information FINRA requested. (**FINRA Case #2011030621501**)

Sean Francis Sheridan (CRD #3151928, Registered Representative, Oakhurst, New Jersey) was named a respondent in a FINRA complaint alleging that he recommended and effected mutual fund switches in many customers' accounts, thereby requiring customers to pay additional sales charges with each new purchase. The complaint alleges that Sheridan engaged in the short-term trading of mutual fund positions. As a result of Sheridan's unsuitable switches and trading of mutual funds, the customers incurred unnecessary sales charges of approximately $1,048,856 and he received gross commissions of approximately $267,000. The complaint also alleges that Sheridan recommended and effected the transactions in customers' accounts without having reasonable grounds for believing that such transactions were suitable for the customers in view of the size and frequency of the transactions, the transactions costs incurred and in light of their financial situation, investment objectives and needs. The complaint further alleges that Sheridan failed to disclose to his customers that they could avoid a sales charge for each new Class A mutual fund purchase through the use of a free exchange, which was material information. Because Sheridan failed to provide the customers with the option of utilizing free exchanges, the customers paid front-end sales loads of approximately 4 percent to 5 percent for each mutual fund investment. Sheridan willfully omitted material facts in selling securities to customers. In addition, the complaint alleges that Sheridan provided false information to the firm regarding the mutual fund transactions. Sheridan solicited the mutual fund transactions and falsely identified the transactions as unsolicited when placing the trades through the firm's electronic order entry system, thereby causing the firm's records to be inaccurate. (**FINRA Case #2009019209204**)

Complaint Dismissed

(FINRA issued the following complaint, which represented FINRA's initiation of a formal proceeding. The findings as to the allegations were not made, and the Hearing Officer has subsequently ordered that the complaint be dismissed.)

Rushmore Capital, Inc. (CRD #5940)
Montvale, New Jersey
FINRA Case #2010021034801

Firms Expelled for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320

Bluechip Securities, Inc. (CRD #45726)
Houston, Texas
(August 8, 2012)
FINRA Case #2009016264301

Legend Merchant Group, Inc. (CRD #5155)
New York, New York
(August 28, 2012)
FINRA Case #2005003647901

Firm Expelled for Failure to Supply Financial Information Pursuant to FINRA Rule 9552

Pacific American Securities, LLC (CRD #42999)
San Diego, California
(July 20, 2012)

Firms Cancelled for Failure to Pay Outstanding Fees Pursuant to FINRA Rule 9553

Champion Securities Company L.L.C. (CRD #25892)
San Francisco, California
(August 30, 2012)

Milkie/Ferguson Investments, Inc. (CRD #17606)
Dallas, Texas
(August 24, 2012)

Regent Capital Group, Inc. (CRD #126881)
Westlake Village, California
(August 7, 2012)

Individuals Barred for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(h)

(If the bar has been vacated, the date follows the bar date.)

Eric Todd Burns (CRD #2318367)
Wichita, Kansas
(August 13, 2012)
FINRA Case #2011029691401

Abdus Salam Chowdhury (CRD #5830577)
Miami, Florida
(August 27, 2012)
FINRA Case #2011028282001

Sean Michael Clark (CRD #5317621)
Saint Marys, Pennsylvania
(August 17, 2012)
FINRA Case #2011029209601

Jamie Lydell Dick (CRD #3004669)
Henderson, Nevada
(August 21, 2012)
FINRA Case #2011026393301

Jon Emerenciano (CRD #5803732)
New York, New York
(August 17, 2012)
FINRA Case #2011026744001

Raul Ruben Franco (CRD #1805035)
Lakeland, Florida
(August 27, 2012)
FINRA Case #2011029361801

John Michael Gatlin (CRD #4719327)
Bakersfield, California
(August 13, 2012)
FINRA Case #2011029722901

Michael John Giordano (CRD #4420099)
Chicago, Illinois
(August 17, 2012)
FINRA Case #2011029461901

Scott James Huber (CRD #5865899)
Wilton Manors, Florida
(August 27, 2012)
FINRA Case #2012031180001

Michael Tullus Martin (CRD #2300051)
Newburgh, Indiana
(August 27, 2012)
FINRA Case #2011026118001

Scott David Mason (CRD #3270983)
Debary, Florida
(August 20, 2012)
FINRA Case #2011029343201

James Steele McClellan Jr. (CRD #325492)
St. Louis, Missouri
(August 13, 2012)
FINRA Case #2010025691101

Latosha Evette McCune (CRD #5738910)
McDonough, Georgia
(August 27, 2012)
FINRA Case #2011030242701

Michael Atef Menias (CRD #5976551)
Mokena, Illinois
(August 17, 2012)
FINRA Case #2011030704101

Assad Mian (CRD #5023360)
Hoboken, New Jersey
(August 17, 2012)
FINRA Case #2012031013601

Juan M. Morales (CRD #5473993)
Houston, Texas
(August 27, 2012)
FINRA Case #2012031367301

Albert Henry Postle III (CRD #1539230)
Grafton, Massachusetts
(August 27, 2012)
FINRA Case #2011027804001

Art Clarion Quimen (CRD #4221761)
San Diego, California
(August 17, 2012)
FINRA Case #2011028170801

Alexander Riosdoria (CRD #5322214)
Staten Island, New York
(August 27, 2012)
FINRA Case #2010024283601

Qingfeng Shen aka Alice Pan Shen (CRD #3082838)
Portland, Oregon
(August 17, 2012)
FINRA Case #2011030425501

James Smith (CRD #1695014)
Phoenix, Arizona
(August 13, 2012)
FINRA Case #2011030082001

Patrick Bryan Smith (CRD #5788672)
Houston, Texas
(August 17, 2012)
FINRA Case #2011030199701

Dennis J. Steigerwalt II (CRD #4775172)
Pittsburgh, Pennsylvania
(August 27, 2012)
FINRA Case #2011026467501

Alice Marie Williams (CRD #5835961)
Long Beach, California
(August 17, 2012)
FINRA Case #2011028768701

Stephen Julian Williams (CRD #3053845)
Tifton, Georgia
(August 27, 2012)
FINRA Case #2011030673501

Individuals Revoked for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320

(If the revocation has been rescinded, the date follows the revocation date.)

Robin Fran Bush (CRD #1994431)
Coral Springs, Florida
(August 2, 2012)
FINRA Case #2009016159402

Paul Christian DeRusso (CRD #2765646)
Bronx, New York
(August 6, 2012)
FINRA Case #2010023716601

Scott Bradley Kimmel (CRD #3199712)
Mt. Sidney, Virginia
(August 2, 2012)
FINRA Case #2009019230401

Christopher Robert Ranni (CRD #1698428)
Monroe, New York
(August 7, 2012)
FINRA Case #2008011724301

Individuals Suspended for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(d)

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Aileen C. Abreu (CRD #4775852)
Orlando, Florida
(August 10, 2012 – August 22, 2012)
FINRA Case #2012031814401

Michael Allen Alexander (CRD #5020883)
Denton, Texas
(August 10, 2012)
FINRA Case #2011028682601

Ignacio Andres Baigorria (CRD #5135311)
Margate, Florida
(August 3, 2012)
FINRA Case #2011029429501

Emily Botelho Barazi (CRD #4171149)
Napa, California
(August 30, 2012 – September 7, 2012)
FINRA Case #2012032074201

Larry Diante Battiste (CRD #6015345)
Oakland, California
(August 10, 2012)
FINRA Case #2012032006401

Patricia Anne Brown (CRD #5925278)
Mount Vernon, Texas
(August 27, 2012)
FINRA Case #2012032291601

Jesse R. Campbell (CRD #5770956)
Pickerington, Ohio
(August 10, 2012)
FINRA Case #2012032181401

Muzette L. Charles (CRD #4474688)
Teaneck, New Jersey
(August 3, 2012)
FINRA Case #2012031532001

Timothy John Coyle (CRD #2437046)
Palm Harbor, Florida
(August 10, 2012 – August 16, 2012)
FINRA Case # 2012031517301

Keith A. Crispen (CRD #6000818)
Detroit, Michigan
(August 3, 2012)
FINRA Case #2012031040901

Christopher Matthew Cunningham (CRD #2390800)
Urbanna, Virginia
(August 13, 2012)
FINRA Case #2012031430101

Eric Martin Dishner (CRD #2330409)
New Port Richey, Florida
(August 10, 2012)
FINRA Case #2012031950601

Robert Nathaniel Frazer (CRD #5868208)
Elkton, Maryland
(August 27, 2012)
FINRA Case #2011030310601

Jaime Gavilanes (CRD #6016082)
Wichita Falls, Texas
(August 10, 2012)
FINRA Case #2012032089101

Christian Genitrini (CRD #3277581)
New York, New York
(August 1, 2012
FINRA Case #20120332996/ARB120044

Erika M. Gutierrez (CRD #5782445)
Tyler, Texas
(August 3, 2012)
FINRA Case #2012031714701

Warren Todd Irons (CRD #3233710)
Cambria Heights, New York
(August 30, 2012)
FINRA Case #2011028928901

Jason Alan Kansier (CRD #4869834)
Portland, Oregon
(August 3, 2012)
FINRA Case #2012030876801

Jerome Jacob Kanter (CRD #1542030)
Huntington Woods, Michigan
(August 27, 2012)
FINRA Case #2011029708701

Wai Yip Li (CRD #5126288)
New York, New York
(August 24, 2012)
FINRA Case #2011028818301

Donald R. Maus (CRD #1511858)
Gillett, Pennsylvania
(August 27, 2012)
FINRA Case #2012032282301

David Harrison McCartney (CRD #4168518)
Tucson, Arizona
(August 10, 2012 – September 7, 2012)
FINRA Case #2012031158201

Ellen Therese McCormick (CRD #5690425)
Forty Fort, Pennsylvania
(August 9, 2012)
FINRA Case #2012031093801

Shawn Francis Menadue (CRD #5067620)
Grimes, Iowa
(August 27, 2012)
FINRA Case #2012032590701

Matthew S. Nagano (CRD #6005641)
Pasadena, California
(August 3, 2012 – August 14, 2012)
FINRA Case #2012031622601

Matthew Donald Newman (CRD #5211828)
Santa Ana, California
(October 17, 2011 – August 1, 2012)
FINRA Case #2011026578401

Emma Carolina Perez (CRD #5323971)
Miami, Florida
(August 10, 2012)
FINRA Case #2011028821701

Kenneth John Pollock (CRD #4653722)
Billings, Montana
(August 30, 2012 – September 7, 2012)
FINRA Case #2011029151501

Zhi C. Poon (CRD #5614626)
College Point, New York
(June 7, 2012 – August 1, 2012)
FINRA Case #2011030683201

Randy Lynn Scruggs (CRD #5432450)
Christiansburg, Virginia
(August 3, 2012)
FINRA Case #2012031944301

David Gerard Sharp (CRD #2194385)
Allison Park, Pennsylvania
(August 13, 2012 – August 14, 2012)
FINRA Case #2011029681601

Jose Basilio Sosa (CRD #4483629)
Miami, Florida
(August 10, 2012)
FINRA Case #2012031673201

Elizabeth Vinessa Veloz (CRD #1864601)
Fair Lawn, New Jersey
(August 10, 2012)
FINRA Case #2012031963501

Robert Garth Wolliston (CRD #4874232)
Royal Palm Beach, Florida
(August 9, 2012)
FINRA Case #2011029907301

Individuals Suspended for Failure to Comply with an Arbitration Award or Settlement Agreement Pursuant to FINRA Rule 9554

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Larry Ivan Behrends (CRD #16971)
Greeley, Colorado
(August 15, 2012)
FINRA Arbitration Case #11-01909

Jimmie Dean Canole (CRD #1387483)
Melbourne Beach, Florida
(August 1, 2012)
FINRA Arbitration Case #09-05679

Jon Christian Coleman (CRD #4440073)
Coppell, Texas
(August 1, 2012)
FINRA Arbitration Case #11-04385

Bruce Benjamin Katz (CRD #1234370)
Melville, New York
(August 1, 2012)
FINRA Arbitration Case #11-03870

Richard Elliott Lee (CRD #1200963)
Miami, Florida
(July 15, 2010 - August 20, 2012)
FINRA Arbitration Case #09-03321

William Bood Lindgren (CRD #1639248)
Scottsdale, Arizona
(August 15, 2012)
FINRA Arbitration Case #11-04477

Tony Fred Mingo (CRD #3196827)
Aliso Viejo, California
(August 1, 2012)
FINRA Arbitration Case #11-00092

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 22, 2012)
FINRA Arbitration Case #10-00676

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 22, 2012)
FINRA Arbitration Case #10-00862

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 22, 2012)
FINRA Arbitration Case #10-02073

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 15, 2012)
FINRA Arbitration Case #09-07217

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 15, 2012)
FINRA Arbitration Case #09-07221

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 15, 2012)
FINRA Arbitration Case #10-00054

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 15, 2012)
FINRA Arbitration Case #10-00144

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 15, 2012)
FINRA Arbitration Case #10-00309

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 15, 2012)
FINRA Arbitration Case #10-00310

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 15, 2012)
FINRA Arbitration Case #10-00311

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 15, 2012)
FINRA Arbitration Case #10-00312

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 15, 2012)
FINRA Arbitration Case #10-00389

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 15, 2012)
FINRA Arbitration Case #10-00392

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 22, 2012)
FINRA Arbitration Case #10-00589

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 22, 2012)
FINRA Arbitration Case #10-00710

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 22, 2012)
FINRA Arbitration Case #10-00711

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 22, 2012)
FINRA Arbitration Case #10-00712

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 22, 2012)
FINRA Arbitration Case #10-01274

Neal Seth Smalbach (CRD #1459854)
Palm Harbor, Florida
(August 22, 2012)
FINRA Arbitration Case #10-01275

Thomas Lewis Tartaglia Jr. (CRD #2144859)
Lloyd Harbor, New York
(August 15, 2012)
FINRA Arbitration Case #11-04017

Pankaj Vijay Udeshi (CRD #1523083)
The Colony, Texas
(August 22, 2012 – September 17, 2012)
FINRA Arbitration Case #08-03387

Michael R. Wilt (CRD #1785219)
Grafton, Michigan
(August 1, 2012)
FINRA Arbitration Case #11-00634

James Landon Yarbrough (CRD #703889)
Clearwater, Florida
(August 22, 2012)
FINRA Arbitration Case #11-03467

Peter Jacob Zeman (CRD #2607680)
Ann Arbor, Michigan
(August 1, 2012)
FINRA Arbitration Case #09-02555

FINRA Expels WJB Capital Group, Inc. and Bars CEO and CFO for Misstating Financial Records and Net Capital Deficiencies

The Financial Industry Regulatory Authority (FINRA) announced that it has expelled WJB Capital Group, Inc. for misstating its financial records and for engaging in securities transactions while it was below its required net capital. FINRA also barred the firm's Chief Executive Officer, Craig A. Rothfeld, from the securities industry, and barred the firm's Chief Financial Officer, Gregory S. Maleski, from acting in a principal capacity.

FINRA found that from 2009, when WJB Capital began to experience financial difficulties, through 2011, Rothfeld and Maleski misstated WJB's financial position on the firm's balance sheet. In one example, Rothfeld and Maleski converted $9.8 million in compensation previously paid to 28 employees into forgivable loans. As a result, the firm also failed to provide for the appropriate payment of taxes. Had WJB appropriately recorded these loans and tax obligations, its balance sheet would have reflected substantial losses in addition to those that it was already experiencing.

In addition, Rothfeld and Maleski misclassified certain items as allowable for net capital purposes; as a result, at various times in 2011, WJB engaged in securities transactions when it was below its minimum required net capital. For example, the firm improperly included receivables related to "non-deal road-shows" when they were not allowable assets under the net capital rule. As a result of the misclassification of these receivables, WJB misstated its FOCUS report and net capital calculations by at least $1 million on a monthly basis for approximately two years. The firm also misclassified a $1.5 million loan it received from its clearing firm as an allowable asset for net capital. Rothfeld, Maleski and WJB also failed to reasonably supervise the firm's financial and accounting functions.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, "Both WJB's CEO and CFO hid the precarious financial condition of the firm, misstating the FOCUS reports and net capital calculations by as much as $4.4 million per month over a two-year period. The firm's supervision and accounting were seriously flawed."

In settling this matter, WJB, Rothfeld and Maleski neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA Fines Rodman & Renshaw $315,000 for Supervisory and Information Barrier Violations; Former Chief Compliance Officer and Two Research Analysts Sanctioned

The Financial Industry Regulatory Authority (FINRA) announced that it has fined Rodman & Renshaw LLC $315,000 for supervisory and other violations related to the interaction between the firm's research and investment banking functions. Rodman's former CCO, William A. Iommi Sr., was fined $15,000, suspended from acting in a principal capacity

for 90 days and must requalify as a general securities principal. FINRA found the firm's supervisory system was deficient, which resulted in at least two incidents where a research analyst participated in efforts to solicit investment banking business, and another incident where a research analyst attempted to arrange a payment from a public company. FINRA sanctioned the two research analysts involved; Lewis B. Fan was fined $10,000 and suspended for 30 business days for violating NASD Rule 2711 by participating in efforts to solicit investment banking business from two public companies, and Alka Singh was fined $10,000 and suspended for six months after FINRA found that she attempted to arrange a concealed fee from a public company for which she provided research coverage.

Rodman, the New York-based broker-dealer subsidiary of Direct Markets Holdings Corp., provides investment banking services, including Private Investments in Public Entities (PIPEs) and registered direct offerings, to public and private companies. It also provides research, sales and trading services to institutional investors and therefore must have supervisory and compliance procedures to monitor potential conflicts of interest between research and investment banking, given concerns that research analysts could be pressured to tailor their coverage to the interests of a firm's current or prospective investment banking clients.

FINRA found that from January 2008 to March 2012, Rodman failed to have an adequate supervisory system to monitor interactions between its investment banking and research functions. As a result, Rodman failed to prevent research analysts from soliciting investment banking business. In addition, the firm compensated a research analyst for his contribution to the firm's investment banking business and failed to prevent Rodman's CEO, a member of the firm's Research Analyst Compensation Committee while simultaneously engaged in investment banking activities, from having influence or control over research analysts' evaluations or compensation.

Brad Bennett, FINRA Executive Vice President and Chief of Enforcement, said, "The deficiencies in Rodman's supervisory system created an environment in which the conflict of interest between research and investment banking was left unmanaged. FINRA will continue to ensure that firms have adequate supervisory systems tailored to the firm's business and we will continue to sanction firms that demonstrate a weak culture of compliance and internal controls."

In concluding this settlement, Rodman, Iommi, Fan and Singh neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

Iommi's suspension is in effect from September 4, 2012, through December 2, 2012. Fan's suspension is in effect from September 4, 2012 through October 15, 2012. Singh's suspension is in effect from September 4, 2012 through March 3, 2013.